

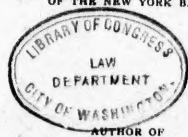


CORPORATIONS

AS CREATED AND REGULATED BY THE STATUTES AND
CONSTITUTIONS OF THE VARIOUS STATES AND
TERRITORIES, ALSO OF THE FEDERAL
GOVERNMENT, AND OF ENGLAND,
CANADA, FRANCE, AND
GERMANY.

By WILLIAM W. COOK.

OF THE NEW YORK BAR.



"A TREATISE ON STOCK AND STOCKHOLDERS AND GENERAL CORPORATION
LAW," AND "A TREATISE ON TRUSTS."



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PREFACE.

This volume is intended to serve as a hand-book for ready reference. It has been abbreviated, condensed and reduced to the smallest possible compass. Brief forms of expression have been used, and every effort has been made to limit its size and yet to state clearly all of the important provisions that come within the subject.

There have been many treatises on corporations as affected by the common law, but, hitherto, there has been no attempt to collect and reduce into compact order the constitutional and statutory provisions affecting corporations. This is somewhat remarkable, in view of the fact that the common law relative to corporations is being largely and rapidly displaced by constitutional and statutory provisions.

It is no longer safe, in corporation matters, to rely upon the common law. Constitutions and statutes must first be consulted. Those who are about to embark in a corporate enterprise wish to know what liability is attached to their stock; for what kinds of business incorporation may be had; what the liabilities of the directors may be; what incorporation fee is required; what taxes they and their corporation are subject to; where corporate meetings are to be held; what is the method of voting at elections; who may be directors; what capital stock is allowed; how much land may be owned by the corporation; what powers are conferred; and all the miscellaneous rights, duties and liabilities which are created by constitutional and statutory provisions. For instance, it is important to know that in New York and Pennsylvania, a large sum of money is demanded by the state before a charter is granted; that in New Jersey a large annual tax is now levied on corporations; that in Ohio all stockholders are liable doubly on their stock; and that in California stockholders are liable for all corporate debts. Each state has laws peculiar to itself.

The plan of the book is to give for each state the provisions, first, of the constitution; second, those affecting manufacturing and miscella-

neous corporations; third, railroads; fourth, banks; fifth, taxation. The statutory law of the federal government, of the territories and of England, Canada, France and Germany is also stated. In addition to this, the provisions of the federal constitution, so far as they affect or protect corporations, have been explained and made more clear by a synopsis of the decisions of the Supreme Court of the United States.

The author has prepared this book in connection with the second edition of his treatise on "Stock and Stockholders and General Corporation Law." The importance of such a work as this in connection with the general subject of corporation law is manifest.

WILLIAM W. COOK.

115 BROADWAY, NEW YORK.

OCTOBER 19, 1889.

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CORPORATIONS,

AS CREATED AND REGULATED BY STATUTES AND CONSTITUTIONS.

CHAPTER I.

CONSTITUTIONAL AND STATUTORY PROVISIONS OF THE VARIOUS STATES OF THE UNION IN REGARD TO CORPORATIONS.

§ 1. Alabama.	§ 15. Maine.	§ 29. North Dakota.
2. Arkansas.	16. Maryland.	30. Ohio.
3. California.	17. Massachusetts.	31. Oregon.
4. Colorado.	18. Michigan.	32. Pennsylvania.
5. Connecticut.	19. Minnesota.	33. Rhode Island.
6. Delaware.	20. Mississippi.	34. South Carolina.
7. Florida.	21. Missouri.	35. South Dakota.
8. Georgia.	22. Montana.	36. Tennessee.
9. Illinois.	23. Nebraska.	37. Texas.
10. Indiana.	24. Nevada.	38. Vermont.
11. Iowa.	25. New Hampshire.	39. Virginia.
12. Kansas.	26. New Jersey.	40. Washington.
13. Kentucky.	27. New York.	41. West Virginia.
14. Louisiana.	28. North Carolina.	42. Wisconsin.

§ 1. ALABAMA. Constitutional Provisions.—The right of eminent domain shall not be construed to allow taxation or forced subscription for the benefit of railroads, or other corporations, except municipal, Constitution of 1875, Art. I., § 24. Guardians, trustees, etc., shall not invest trust funds in the bonds or stock of private corporations, Art. IV., § 35. The state shall not be interested or lend its money or credit to a corporate enterprise, § 54. The general assembly shall not authorize any municipality "to lend its credit, or to grant public money or thing of value in aid of, or to any individual, association or corporation whatsoever," or become a stockholder or bondholder in such, § 55. The state tax is not to exceed three-quarters of one per cent; county, etc., tax not to be over one-half of one per cent. Corporate property shall be taxed at the same rate as individual's property, Art. XI. Corporations may be created by special act for manufacturing, mining, industrial purposes; for constructing canals, improving rivers and harbors, and where otherwise judged necessary to attain the purposes thereof, Art. XIV., § 1. Foreign corporations

must have a place of business and an authorized agent in the state, Art. XIV, § 42. "No corporation shall engage in any business other than that expressly authorized in its charter," § 5. No corporation shall issue stock or bonds, except for money, labor done, or money or property actually received, and all fictitious increase of stock or indebtedness shall be void. Neither stock nor bonded debt shall be increased without the consent of a majority in value of the stockholders obtained at a meeting, noticed thirty days, § 6. There is no liability of stockholders beyond the unpaid subscription, § 8. Corporations shall not issue preferred stock, except on the consent of two-thirds in interest, § 9. No bank shall be established otherwise than under a general banking law, § 15. The state shall not be a stockholder in, or give credit to any bank, § 20. Railroads and transportation companies are forbidden to grant free passes or special rates to members of the legislature and state or federal officers, § 23. No street railroad shall be constructed without the consent of the local authorities, § 24.

Miscellaneous Corporations.—Special provision is made for the incorporation of banks, insurance companies, mining, quarrying and manufacturing companies, railroad and street railroad companies, toll-road, navigation and telegraph companies.

Two or more may incorporate "for any lawful enterprise if not otherwise provided by law," Civil Code 1887, § 1659. Declaration is to be filed in office of probate judge, § 1660. The judge issues a commission to take subscriptions, § 1661. Subscriptions must be payable in money, but the commissioner may accept labor and property, § 1662. May organize when fifty per cent of stock has been subscribed in good faith. Twenty per cent shall be paid in at the time of organization or written contracts made for substituted services or property, which facts being verified by affidavits duly filed, the probate judge issues charter, § 1663. May not borrow to exceed the amount of the capital stock. Mortgage not to be made except by a majority vote at a meeting specially called on thirty days' notice, § 1664. Stockholders meet annually at a time and place fixed by the by-laws, §§ 1666, 1681. The capital stock may be increased by a majority vote and with the same formalities as *supra*, but not to exceed one million dollars; each stockholder has a preference in taking a proportionate amount of the increase, § 1667. Must require a register of stock transfer on the books. A non-registered transfer is void after fifteen days, § 1671. Shares are subject to levy and sale under attachment or execution, § 1673. All private corporations have a lien on shares of stockholders for any debt or liability incurred before notice of transfer or of a levy on such shares, § 1674. Failure to organize for two years is a

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forfeiture, as is non-user for five consecutive years, § 1676. Corporate books shall be open to the inspection of stockholders, § 1677. A majority in interest may increase or diminish the number of directors, § 1680. Directors may call special meetings of the stockholders. Each share has one vote, § 1681. The probate judge shall keep a record of incorporation and organization, and receive a small fee therefor, § 1682. Unpaid subscriptions are subject to garnishment by a judgment-creditor of the corporation, § 2972.

Charters may be amended by a two-thirds vote of all the stock, L. 1889, p. 20. Defects in incorporation may be cured, L. 1889, p. 74.

Stockholders' meetings may be held out of the state, on filing the written consent of resident stockholders, and on appointing an agent and keeping an office in the state. Must file a copy of proceedings at such office, L. 1889, pp. 76, 111.

Preferred stock may be issued on a two-thirds vote of the stock, L. 1889, p. 86.

Land companies may borrow, etc., L. 1889, p. 108.

Railroads.—Seven or more may incorporate, § 1573. Declaration is to be filed with the secretary of state, § 1574. He issues a commission to take subscriptions, § 1575. Subscriptions must be payable in money, but the commissioners may permit them to be discharged in services or property, § 1577. Organization begins when ten per cent of the capital is subscribed in good faith. Two per cent must be paid in. Affidavits being filed with secretary of state, he issues the charter, § 1578. He keeps a record of all proceedings and receives a fee of \$2, plus fifteen cents per folio of the record, § 1579. May borrow money by mortgage or deed of trust of franchises and property; may issue negotiable bonds or bills of exchange, or promisory notes in any form, § 1580 (14). Consolidation of connecting roads are provided for. Each railroad must assent by a two-thirds stock vote and dissenting stockholders must be paid at least par for their shares. The new corporation must keep an office in Alabama and be a domestic corporation, §§ 1583-1585. May aid, purchase or lease another railroad or enter into a traffic arrangement. A majority of the stock must consent. Extended to foreign railroad companies, § 1586 and note. Railroad may increase its capital to \$10,000,000 by a majority stock vote and due formalities, § 1589. Bonded indebtedness can only be increased by a majority stock vote at special meeting, § 1590. Stockholders must meet annually at a time and place fixed in the by-laws, § 1591. Proxies are authorized. Each share has one vote, § 1592. Directors must own and hold stock in good faith, § 1593. Stockholders' and directors' meetings may be held out of the state upon

the written and verified consent of all resident stockholders. But must have an office and agent within the state, §§ 1594, 1595. Purchasers of railroad may be incorporated, §§ 1596-1598. Certificates of stock are not to be issued until fully paid up. Office may be kept by the directors out of the state for the transfer of shares held by non-residents, § 1601. A board of railroad commissioners are to consider railroad rates and "notify" the railroads of excessive charges, L. 1881, p. 84, L. 1883, p. 177. Their decision is *prima facie* evidence that the rate is too high, L. 1883, p. 178.

Banks.—No banking corporation can be formed without at least three stockholders, or without a capital subscribed in good faith of at least \$50,000, of which not less than twenty per cent, and in no case less than \$25,000 must be actually paid by the subscribers for stock before the filing of the declaration, § 1522. Declaration and affidavit to be filed with probate judge of county, § 1523. Certified transcript to be filed with secretary of state, who issues and records certificate of incorporation, § 1524. Must be at least three directors, all stockholders in good faith, § 1526. Capital may be increased not to exceed \$500,000, or decreased to not less than \$50,000 at special meeting duly noticed, upon majority stock vote, under due formalities, § 1527.

Mining, etc., Companies.—The special provisions for the incorporation of mining, quarrying and manufacturing corporations are the same as the general provisions, *supra*, see §§ 1557 *et seq.* Such companies have additional power to build, buy and operate railroads, canals, roads, etc., to and from their works; they may build depots and wharves and buy or charter vessels, or aid railroads or boat lines running to and from such depots and wharves, § 1563. Such companies may consolidate by majority of stock vote of each company, §§ 1565-1569. Capital stock may be increased with due formalities by majority stock vote at special meeting properly noticed, but shall not exceed ten million dollars and each stockholder has preference in taking proportionate amount of increase, § 1572.

Taxation.—Shares of stock are not taxed against holders when the corporate property is listed in this state, § 451 (8). All bank shares are taxed against resident and non-resident owners at place of bank and tax is paid by bank. Banks shall make full return of shares and stockholders and the fair market value. The value of real and personal property is deducted from whole assessment. Shares so assessed may be treated by owners as money loaned, etc., and they may deduct their indebtedness therefrom, § 453 (8). The capital stock of all corporations not invested in property otherwise listed, is taxed against the companies; but stock and shares both shall not be taxed. *Id.* (9). All

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railroad property is taxed, Id. (11). All dividends declared or earned and not divided are taxed, Id. (12). Insurance, telephone and sleeping car companies are taxed on gross receipts, § 454. Corporate property at estimated value, including capital stock at market value, is to be returned by chief officer; and where taxes are assessed and paid thereon, the shares of such stock shall not be taxed, § 478.

§ 2. ARKANSAS. Constitutional Provisions.—No obligation or liability of any railroad or other corporation held by the state shall ever be exchanged, transferred, remitted, postponed or in any way diminished by the general assembly, Art. IV., § 33. The general assembly may, by general law, exempt from taxation for seven years the capital invested in mining and manufacturing business, Art. X., § 3. Special charters are prohibited, Art. XII., § 2. Municipalities shall not aid corporations, Id. § 5. Nor the state, Id. § 7. Fictitious stock and bonds are void; neither stock nor bonded indebtedness shall be increased except by majority stock vote at meeting specially noticed, Id. § 8. Foreign corporations doing business in the state must have an office and authorized agent in the state, and can exercise no greater powers than domestic corporations have, and shall not have power to condemn property, Id. § 11. Power to tax corporations and corporate property shall not be surrendered or suspended by any contract or grant to which the state may be a party, Art. XVI., § 7. Maximum rate of state taxes is one per cent of assessed valuation, Id. § 8; of county taxes, one-half of one per cent, Id. § 9. Transfer books of railroad companies are to be left at office of the company in the state and open to inspection of stockholders and creditors, Art. XVII., § 2. Parallel or competing lines are not to consolidate or be controlled by the same parties, Id. § 4. Officers of railroad companies are not to be interested in contract with a company furnishing material or supplies or with transportation company doing business with it, Id. § 5. General assembly shall prevent granting of free passes by railroads to state officers, Id. § 7. Railroads shall make annual report to state auditor, Id. § 13. Rolling stock to be personalty, Id. § 11.

Miscellaneous Corporations.—Three or more may incorporate for any lawful business, R. S. 1884, § 960. Secretary and treasurer must be residents and must keep their books within the state, § 966. Annual statement of condition of corporation to be filed with county clerk. No transfer of stock is complete until filed with same, § 971. Corporate books to be open to inspection of stockholders, § 974. Stockholders may amend the charter, § 976. For failure to file statement with county clerk or to perform any other statutory duty, directors are liable for

corporate debts, §§ 980, 984. Stockholders may increase capital stock at any meeting specially warned, §§ 961, 977. Purposes shall be distinctly stated in the articles and not departed from, § 962. Shall have not less than three directors, all stockholders, § 964. May not commence business until copy of articles and certificate signed and verified by president and majority of board shall have been filed in state and county, §§ 968, 979. At all meetings each share has one vote, § 969. An annual verified certificate shall be filed with county clerk, with whom also certificate of every stock transfer must forthwith be deposited. Until then the transfer is void against creditors, §§ 971, 979. May hold real estate necessary for its purposes and to secure debts and may manage and dispose of it at pleasure, § 973. Corporations have lien upon all the stock or property of members invested therein for all debts due from them to corporation, § 975. Amendment shall be by some formalities as original incorporation (*supra*, § 968), and special advertisement, § 976. Corporate lien on stock may be enforced by a sale thereof, § 983, etc. May sell equity of redemption in pledged shares, § 988.

Railroads.—Five or more may incorporate, § 5420. Transfer books are closed for elections thirty days; stockholder voting must have owned stock for thirty days, §§ 5425, 5509. Directors must be stockholders. One-third of directors shall be residents of some county or counties on line of railroad, *Id.* § 5426, and see § 5505 *infra*. Stockholders holding one-third of the stock may call a corporate meeting, § 5429. Majority in interest of the stock may remove the president or directors, § 5431. Directors may make by-laws, § 5435. Corporation not to purchase its own stock, nor stock in other corporations, § 5436. Directors are liable for all corporate debt, if they make false report, certificate, etc., § 5439. Majority of directors must be citizens and residents of the state, § 5505. Articles are void, if within two years five per cent of subscribed stock is not paid in, and preliminary survey filed. Affidavits of three directors must show that \$1,000 per mile is subscribed, and five per cent paid, §§ 5420, 5421. First meeting for election shall be on line of road, § 5425; and so also subsequent elections, § 5428. Majority present at any meeting may demand statement of affairs, § 5431. Stock is not transferable until previous calls are paid, § 5436. Purchasers of railroads may incorporate, §§ 5448-5451. Franchises and all property may be mortgaged, § 5453. Increase of capital stock and power to mortgage, § 5488. Offices of chief officers and corporate books to be kept in the state, and open to inspection of stockholders, § 5506. Charter to be forfeited for violation, § 5507. Consolidations authorized, §§ 5511, etc. Must be approved by two-thirds in interest

of all issued capital stock in respective companies, § 5512. Parallel and competing lines not to consolidate, § 5514. Resolutions and agreements to be filed with secretary of state, §§ 5513, 5515. Purchase, lease and aid of and to connecting lines authorized upon approval of two-thirds in interest of stockholders, §§ 5516 *et seq.* Non-resident corporations leasing, owning or operating domestic lines, must keep office, agents and books within state, §§ 5523 *et seq.* Foreign corporations may assume debt of purchased or leased railroad, and issue its own securities in any form therefor, § 5532. Railroads must build five miles within eighteen months after incorporation, under penalty of charter being void, L. 1889, ch. 22.

A consolidated company, or a purchaser of a railroad, shall be liable for the debts of the road consolidated or purchased, L. 1889, ch. 55.

Statute prohibiting foreign railroads from operating in state, repealed. A domestic railroad company may lease or sell its road and property to a foreign corporation whose lines connect with it, or to another connecting domestic railroad company. One railroad may buy or guarantee the stock or bonds of a connecting company. In all cases, however, a two-thirds vote of all the stock of each company is necessary to the validity of the act. Foreign companies may build a connecting line in the state. But in all cases the foreign company must file a copy of its charter, and it is thereby to become a domestic corporation. Existing foreign corporations operating a road in the state must do the same, L. 1889, ch. 34.

Taxation.—Capital stock of corporations is taxed as personalty, § 5585. All corporate property is taxed, and all investments in bonds, stock, etc., of residents, §§ 5586, 5620. But not if any portion of the corporate property or capital stock is taxed, § 5612. Banks shall annually make attested statement to assessor, showing capital, undivided profits, federal and state securities not taxed and deposits for terms certain. The gross sum of these shall be deemed the banking capital for that year, §§ 5629–5631, am'd L. 1887, p. 150. Shares not listed to holders shall be listed by president and the tax paid by bank, to be retained out of dividends, §§ 5632, 5633. Telegraph companies are taxed on gross receipts. Express companies on gross receipts less amount actually paid to domestic railroads, for transportation, § 5640. Railroads are assessed by a state board, who apportion the assessment among the counties, §§ 5647, etc. The act March 28, 1887, amends revenue laws in many details, L. 1887, pp. 143, etc.

§ 3. CALIFORNIA. Constitutional Provisions.—“No special privileges or immunities shall ever be granted which may not be altered,

revoked or repealed by the legislature," Art. I., § 21. No special law shall be enacted "chartering or licensing ferries, bridges or roads," Art. I., § 25. Neither the state nor any political division thereof is, or may be, authorized to loan its credit to, or aid, or become a stockholder in, any corporation, Art. I., § 32. Telegraph and gas rates shall be regulated by law, and where a person is to be appointed to regulate or limit charges, such person shall not be an officer or stockholder in any company affected, Art. I., § 33. State shall not aid corporations, Art. IV., § 22. No special law shall grant to any corporation any special or exclusive right, privilege or immunity, Id. § 25. "The legislature shall pass laws to regulate or prohibit the buying and selling of the shares of the capital stock of corporations in any stock board, stock exchange or stock market under the control of any association. All contracts for the sale of shares of the capital stock of any corporation or association, on margin, or to be delivered at a future day, shall be void, and any money paid on such contract may be recovered by the party paying it by suit in any court of competent jurisdiction," Art. IV., § 26.¹ Legislature shall not authorize municipalities to aid corporations, Id. § 31. The privilege to lay water and gas pipes in cities shall be granted upon the condition that the municipal government may regulate the charges, Art. XI., § 19. Corporations shall not be created by special act, Art. XII., § 1. Stockholders in all corporations are "individually and personally liable for such proportion of all its debts and liabilities contracted or incurred during the time he was a stockholder, as the amount of stock or shares owned by him bears to the whole of the subscribed capital stock or shares of the corporation or association."² Directors are liable for the embezzlements or misappropriations of officers, Id. § 3. Banks may be formed under general laws and not by special act, Art. XII., § 5. Corporations shall not hold realty longer than five years, except that necessary for its business, Id. § 9.³ Fictitious stock and bonds are void, Id. § 11.⁴ Cumulative voting provided for, Id. § 12.⁵ State shall not aid corporation, Id. § 13. Books containing names of stockholders, etc., and assets and liabilities of the corporation to be kept in state, open to interested parties, Id. § 14.⁶ Officers shall not be interested adversely to the corporation. Id. § 18.⁷ Free passes to those holding offices of honor, trust or profit in the state are prohibited, Id. § 19. Provision is made for the election of three railroad commissioners and their powers are

¹ See Cook on Stock and Stockholders and General Corporation Law, chapter xx, §§ 341-347.

² *Id.*, chapter xii.

³ *Id.*, chapter xli, § 69a.

⁴ *Id.*, chapter lli, §§ 26-28.

⁵ *Id.*, chapter xxxvii.

⁶ *Id.*, chapter xxx.

⁷ *Id.*, chapter xxxix.

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Law, chapter xx,
 chapter iii, §§ 26-28.
 chapter xxxix.

defined, § 22. Bonds, stocks and franchises shall be taxed, Art. XIII., § 1.⁴ Railroads are to be assessed on their franchise, roadbed, roadway, rails and rolling stock by a state board, and the assessment apportioned among the municipalities through which they run, according to the number of miles in each, Art. XIII., § 10.⁵ Corporations are forbidden to employ Chinese or Mongolians, Art. XIX., § 2.

Miscellaneous Corporations, including Railroads.—Five or more may incorporate, but majority must be residents, Civil Code, § 285. May incorporate for any purpose for which "individuals may lawfully associate themselves," Id. § 286. Railroads and telegraph companies cannot be incorporated until \$1,000 and \$100 per mile respectively have been subscribed and ten per cent of the whole subscription has been paid in, §§ 293, 294, 295. Corporations must file copy of articles of incorporation in every county in which they hold property, Id. § 299. By-laws to be adopted by stockholders, Id. § 301. Directors must be stockholders and a majority to be citizens of the state, Id. § 305.⁶ Cumulative voting prevails, Id. § 307.⁴ Directors not to create debts beyond the subscribed capital stock, Id. § 309.⁵ Directors may be removed by a two-thirds vote of the stockholders, or by a two-thirds vote in interest. Meeting for this purpose may be called by one-half in interest of stockholders, Id. § 310. Where there is no person authorized to call a meeting, a justice of the peace may do so on written application of three stockholders, Id. § 311. Majority of stock must be represented at all meetings. Stockholders only of ten days' standing may vote at meetings, Id. § 312. Courts are given jurisdiction to rectify irregular, etc., elections, Id. § 315. Officer willfully making false reports, etc., is liable personally, Id. § 316, and see act March 29, 1878, p. 82, of Deering's Civil Code, 1885. Meetings of stockholders and directors must be held at the principal place of business, Id., 319.⁶ Banks must keep open to public a book containing names of stockholders and shares held by them, also shares held by the directors, Id. § 321.⁷ Stockholders are liable for corporate debts.⁸ Suits to enforce liability may be joint or several. Separate judgment rendered. Liability determined by amount of stock held when debt was incurred. No release therefrom by transfer.⁹ Those owning stock in name of another are liable herein. The liability of stockholders in foreign corporations doing business in the state is the same as of stockholders in domestic corpo-

¹ See Cook on Stock and Stockholders and General Corporation Law, chapter xxxiv.

² Id., chapter xxxiv.

³ Id., chapter xxxvii. ⁴ Id., chapter xxxvii.

⁵ Id., chapter xli, § 685.

⁶ Id., chapter xxxvi. ⁷ Id., chapter xxx.

⁸ Id., chapter xli., 37 Fed. Rep., 404. ⁹ Id., chapter xv.

rations, Id. § 322. (See constitutional provision, *supra*). Mode of increasing the bonded debt or capital stock is prescribed by statute. By-laws may regulate notices of meetings, voting by proxy, qualifications of officers, penalties, etc. ch. 249, L. 1889.

The following provisions are also applicable to railroads. Transfers of stock not allowed, if calls are due and unpaid, nor if less than twenty per cent. has been paid thereon, nor unless the transfer is approved by the board, Id. § 455. May borrow money on notes or bonds, up to amount of capital stock,¹ and mortgage all their property, or secure the debts by deeds of trust, in which resident or non-resident persons or corporations may be trustees, § 456. Must provide sinking fund to pay bonds, and may provide for their conversion into stock within eight years, § 457.² Capital stock must be fixed by a two-thirds vote of stockholders, and certificate filed, § 458. Verified certificate of payment of fixed capital to be filed within thirty days after payment of last installment, § 459. Railroads must begin construction within two years, and must put in operation five miles every year thereafter, or forfeit charter, § 468.³ Foreign railroads may operate within the state the same as resident companies, Act April 3, 1880, Deering's Civ. C., p. 124.⁴ Consolidation authorized upon written consent of three-fourths in value of stockholders, § 473. Free passes, except to specified persons, are prohibited, L. 1877-8, p. 983. A railroad commissioner is given certain police powers, also power to determine controversies between railroads, also to report abuses, L. 1877-8, p. 969.

Banks may be formed under the general incorporating act. Stock books to be kept for inspection of stockholders, depositors and creditors.⁵ Notice to be posted for general public, showing names of directors and the value of their shares, § 321.⁶ Banks shall publish and record verified semi-annual "statements of banking capital," and "statements of banking assets," Act of April 1, 1876, Deering's Civ. C., 1885, p. 81. A heavy penalty is provided for frauds and misrepresentations by officers of banks, Act March 29, 1878, Deering's Civ. C., p. 82. Transfer of stock by indorsement and delivery is not valid, except between parties, until duly recorded on corporation books, Code, § 324.⁷ Married women may hold and sell stock the same as a *feme sole*, Id. § 325.⁸ Transfers by non-residents may be refused registry, until affidavit given of transferer being alive at time of transfer, or bond being given against

¹ See Cook on Stock and Stockholders and General Corporation Law, chapter xli.

² *Id.*, chapter xvii, § 283.

³ *Id.*, chapter xxxviii.

⁴ *Id.*, chapter lxi.

⁵ *Id.*, chapter xxx.

⁶ *Id.*, chapter xxx.

⁷ *Id.*, chapters xxii, xxvii.

⁸ *Id.*, chapter xiv.

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liability for registering, Id. § 326. Contracts relieving directors from liability are void, Id. § 327. Must organize and commence business within one year or corporate powers cease, § 358.¹ All fictitious increase of stock or indebtedness is void.² Subject to this provision the capital stock may be increased or diminished, or the bonded indebtedness increased by a two-thirds stock vote at a meeting duly noticed, § 359. May only hold necessary real estate, § 360, and note containing Act, April 1, 1876.³ Mining corporations may consolidate, § 361. Articles of incorporation may be amended by majority of directors and two-thirds of stock, § 362. Complete records of all transactions shall always be open for inspection of stockholders and creditors, § 377.⁴ So, also, a "stock and transfer book," § 378. State authorities may examine into corporate affairs at any time, §§ 382, 383. Franchises may be sold under execution, purchaser to continue business, and redemption is provided for, §§ 388-393. Foreign corporations shall file designation of an agent within state upon process may be served, Act April 1, 1872, Deering's Civ. C., 1885, p. 102.⁵

Savings banks may only loan on adequate security and not for longer time than six years, § 571. No dividends shall be made except from surplus profits. Directors must not contract any debt except for deposits. Depositors have priority of security over stockholders, § 573. May own building costing \$100,000, and by vote of two-thirds of stockholders, may increase cost to \$250,000. Unless the capital stock or reserve amounts to \$300,000 no savings bank can hold any securities other than those of the United States, this state, or municipalities of this state, § 574. No director or officer may borrow money or be surety for money borrowed from the institution, § 578. An act of February 18, 1874, authorizes next of kin of deceased depositor to collect the deposit when it does not exceed \$300. Deering's Civ. C., p. 146.

By the act of March 21, 1872, it is provided that on a verified petition of a majority of shareholders in a mining company, a county judge may call a meeting for removal of corporate officers, Deering's Civ. C., 1885, pp. 147, 148. By act of March 30, 1874, careful provision is made for protection of stockholders in mining corporations by means of book inspection, balance sheet, etc., Deering's Civ. Code, p. 148. A further act of April 23, 1880, provides that mining directors shall not buy or sell property without the consent of two-thirds of stock. Stock books shall not be closed more than two days prior to elections, Deering's Civ. C., p. 149.

¹ See Cook on Stock and Stockholders and General Corporation Law, chapter xxxviii.

² Id., chapter iii, §§ 26-28.

³ Id., chapter xli.

⁴ Id., chapter xli.

⁵ Id., chapter xxx.

Special provisions apply to insurance corporations, §§ 414-452. Street railroads, §§ 497-511. Wagon-roads, §§ 512-523. Bridge, ferry, wharf, chute and pier corporations, §§ 528-531. Telegraph companies, §§ 536-541. Water and canal companies, §§ 548-552, and notes. Homestead corporations, §§ 557-566. Land and building corporations, §§ 639-648. Gas companies must obtain permission of local authorities to lay pipes, and must use meters approved and sealed by local inspectors, § 628.

Taxation.¹—Corporate property is assessed where it lies, ch. 40, Laws 1883 (Code § 3641). Taxation of railways, § 3665, ch. 237, L. 1889. See also constitutional provisions, *supra*. The statutes declare that shares of stock in corporations possess no intrinsic value over and above the actual value of the property of the corporation which they stand for and represent, and the assessment and taxation of such shares and also of the corporate property would be double taxation. Therefore, all property belonging to corporations shall be assessed and taxed, but no assessment shall be made of shares of stock, nor shall any holder thereof be taxed therefor, Id. § 3608. A tax of ten cents is levied on every issue of a certificate of stock, whether issued originally or by transfer, Act of April 1, 1878, p. 87, Deering's Civ. Code, 1885.

§ 4. **COLORADO. Constitutional Provisions.**—No law "making any irrevocable grant of special privileges, franchises or immunities shall be passed by the general assembly," Art. II., § 11. The general assembly shall not pass local or special acts "granting to any corporation * * the right to lay down railroad tracks, granting to any corporation * * any special or exclusive privilege, immunity or franchise whatever," Art. V., § 25. General assembly shall not authorize executors, administrators, guardians or other trustees to invest trust funds in bonds or stock of any private corporation, Id. § 36. The power to tax corporations and corporate property, real and personal, shall never be relinquished or suspended, Art. X., § 9. Corporations of the state, or doing business therein, shall be subject to taxation for state, county, school, municipal and other purposes, on real and personal property used by them "within the territorial limits of the authority levying the tax," Id. § 10. State, counties, cities, towns, townships and school districts forbidden to aid or subscribe to any corporations, Art. XI., §§ 1, 2. "No railroad corporation, or the lessees or managers thereof, shall consolidate its stock, property or franchises with any other railroad corporation owning or having under its control a parallel or competing line," Art. XV., § 5. Fictitious stock shall be void, Id. § 9. A lease, sale, etc., to foreign corporations shall not

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxxiv.

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affect power of the state over the property and franchises of the old corporation, Id. § 14.

Miscellaneous Corporations.—May incorporate for any lawful purpose Gen. Stat. 1883, No. 237. If for purpose of carrying a part of its business beyond the state, certificate is to so state, No. 238. May buy and sell such real estate as is necessary to business and may mortgage its franchises and property, No. 240. Directors must be stockholders, No. 242. Shall not purchase its own stock or stock in other corporations, No. 246. Stockholders may be garnishees for unpaid subscriptions, No. 247. Stockholders, except in railroad and telegraph companies, may examine all the books, etc., of the company, No. 249. Directors must make an annual report, No. 252. Meetings of directors may be held out of state, only when articles of incorporation so state or their acts are ratified by majority of the stockholders, No. 254. Stockholders' liability may be enforced in equity by corporate creditors, No. 258. At elections each share has one vote, No. 242. Stockholders may make by-laws, or directors may if certificate so provides, No. 245. Certificate of stock fully paid in to be filed in county and state, No. 248. Stock may issue for property, No. 251. Domestic corporations may accept and operate under law of another state or country, No. 259. Foreign corporations must file certificate, and be subject to liabilities, duties and restrictions of domestic corporations. Power to mortgage limited, No. 260. Foreign corporations must file copy of charter, No. 261. Failure to comply with §§ 260, 261, *supra*, renders officers, agents and stockholders so offending jointly and severally liable, No. 262. No company under this act can construct a street railroad without consent of local authorities, No. 266. Verified statement of affairs must be made upon written request of fifteen per cent. of stock, No. 268. Unrecorded transferers liable on unpaid subscriptions, No. 269. One-third of stock may demand call of meeting to consider amendments which may be adopted by two-thirds stock vote, L. 1885, p. 151. Shares of stock subject to execution and levy, §§ 1876, 1882. Certificate of incorporation of mining companies shall state whether stock is assessable or unassessable and each certificate of stock shall plainly show, No. 320. Consolidations authorized, Gen. Stat. No. 325. After par value of stock is paid, part having been issued as full paid in payment of property, the stock shall be equally and ratably liable to assessment for the operations of the company, No. 321. Assessments to be laid only by majority vote of all the stock, No. 322.

Railroads.—Are subject to above. Consolidations authorized upon a three-fourths vote of all the stock of each corporation, No. 349. May consolidate with connecting foreign railroad corporation upon concurrence of majority of stock, No. 353, 354. Lease of railroad authorized on two-

thirds stock vote, No. 360, 361. Railroad corporations may be formed to own railroad purchased at foreclosure sale, and may have all the powers of the old corporation, Act of April 7, 1885. May amend charter by two-thirds stock vote, No. 363. Five may incorporate, No. 333. Majority of stock to fix loans and interest. And may mortgage property and franchises, No. 335, 336. Must begin construction within two years and expend twenty per cent. within five years or powers cease, No. 339, *cf.* L. 1889, p. 95. Fictitious stocks and bonds are void, No. 340. Consolidation with foreign company does not form a foreign corporation nor remove it from state jurisdiction, No. 358. Where election of directors has not been held, as legally appointed, any two stockholders may notice a meeting under the statute for that purpose, L. 1885, p. 149. Purchasers of railroad at judicial sale to be a corporation, L. 1885, p. 150. Liens of mechanics and material men include franchises and charter privileges, L. 1883, pp. 225, 228. An act of March 12, 1883, enables counties to refund railroad aid bonds issued under former acts, L. 1883, pp. 142-145. Any railroad may guarantee payment of mortgages, bonds, etc., of connecting railroads, or guarantee to such road payment of interest upon its capital stock, L. 1887, p. 369.

Banks.—Are subject to above. Capital stock to be \$30,000 or over, No. 271. Fifty per cent. capital must be paid in and certified before organization and the entire amount within one year. May not loan on security of own stock or require less from shareholders than from others. May not purchase or hold its own or other shares except to secure debts previously contracted, No. 271. Stockholder not to vote if he owes bank on past due debt, No. 273. Corporation has lien on stock, No. 274. Stockholders liable on stock to extent of its par value, in addition to subscription, such liability to cease one year after due transfer, No. 279. Semi-annual verified statement to be made to state treasurer, and published, No. 277. Upon failure to do which the directors are personally liable, No. 278. Collective liability of stockholders to bank not to exceed two-fifths capital stock paid in and undiminished, No. 280. Savings banks may be formed with capital not less than \$25,000, which must be paid in cash, No. 281. Quarterly statements to be made, No. 285. Twenty per cent of deposits must be kept. No dividends until depositors are paid, No. 287. No loans or discounts to officers, No. 291. Shareholders in banks, trust, security, etc., associations are individually liable in double the amount of the par value of stock owned by them, L. 1885, p. 264.¹ Deemed larceny for bank officer to accept deposit after knowledge of insolvency, L. 1885, p. 50. Such officer also liable for loss, *Id.* p. 51. No bank under state law to loan funds in excess of twenty-five per cent of its capital stock, L. 1885, p. 51.

¹ Cook on Stock and Stockholders, and General Corporation Law, chapter xii.

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Taxation.—A fee of \$10.00 is to be paid to the secretary of state for filing the articles of incorporation, if the capital stock is \$100,000 or less. If over \$100,000 an additional fee of ten cents for every \$1,000, L. 1885, p. 153. Bank stock and stock in moneyed corporations shall be taxed for state, county and municipal purposes, Gen. Stat. 1883, § 2829. Railroad realty is to be taxed where it lies. All other railroad property is assessed by state assessors, and each municipality is notified of its proper proportion of such amount, to be assessed by the municipality through which the road runs, § 2847. National bank stockholders are taxed where the bank is located and its realty is also taxed, § 2849. Shares of stock in all corporations are taxed, § 2838. Stock in domestic corporations may be sold for non-payment of tax, § 2891.

§ 5. **CONNECTICUT.—Constitutional Provisions.**—"No man or set of men are entitled to exclusive public emoluments or privileges from the community," Art. I. Municipalities shall not subscribe to the stock, or buy the bonds of, or lend aid to railroad corporations, Art. XXIV. of Amendments.

Miscellaneous Corporations.—Three or more may incorporate for any lawful purpose, hereunder, except for trust, insurance, buying and selling real estate, banking, issuing or trading in bonds, notes or other evidences of indebtedness, or trafficking in letters patent or patent rights. May also incorporate to carry on same business out of the state, but in such a case the secretary, treasurer and majority of directors must be residents of Connecticut, Gen. Stat. 1888, § 1944. There is no limitation as to the capital stock. The directors must be stockholders, § 1946.¹ Cannot commence business until whole capital stock is subscribed and 20 per cent thereof paid in cash, § 1947. This provision was added in 1880 to the old act because during 1878 and 1879 over one hundred corporations were formed, having a capital stock aggregating over \$40,000,000 all paid up by "patents" or "mining claims," and not a single stockholder a resident of Connecticut. The articles of association must be published and filed with secretary of state, § 1948.² Objects of corporation may be changed upon consent of holders of two-thirds of stock and execution of amended articles, § 1951. "The statements and books of every such corporation shall be kept in the town where it is located and shall at all reasonable times be open for the inspection of any of its stockholders, and as often as once in each year a true statement

¹ Cook on Stock and Stockholders and General Corporation Law, chapter xxxvii.

² *Id.*, chapter xiii.

of the account shall be made and exhibited to the stockholders," § 1953.¹ Capital may be increased or diminished upon two-thirds stock vote and compliance with all formalities as to original article, § 1954. In case of increase, 20 per cent of amount added must be paid in, § 1955, L. 1889, chapter 64. The treasurer shall make an annual report, § 1956, L. 1889, Ch. 65. Under penalty for failure so to do, Gen. Stat. § 1959. Corporation has a lien on stock for the stockholder's debts to it, § 1960.² Equity in stock pledged may be sold by company, § 1963. Investment companies issuing debentures based on mortgages, etc., are taxed, regulated, and required to take out a license; so also must an investment broker, L. 1889, ch. 248.

Railroads.—Not less than twenty-five persons may incorporate, § 3433. It may have not less than nine directors,³ a majority of whom are to be residents.⁴ The capital stock must be not less than ten thousand dollars a mile. Total debt never to exceed paid-in capital,⁵ § 3434. Five thousand dollars a mile is to be subscribed, and ten per cent, paid in cash before incorporation. The officers' affidavits, and sworn report of engineer must be filed, § 3436. Not to commence work until ten thousand dollars a mile is subscribed, § 3437. Charter ceases unless work is begun, and ten per cent expended within two years (which may be extended to four years) and road put in operation within five years, § 3440.⁶ No other railroad shall take stock in a company formed under this act, unless specially authorized by general assembly, Id. § 3442. Non-competing railroads meeting at state line may consolidate, if outstanding bonds do not exceed one-half the amount actually expended upon such roads, § 3443. No evidences of debt shall be issued in consideration of, or in connection with such consolidation, § 3444. Consolidation agreement must be ratified by a two-thirds stock vote, Id. § 3445. Such consolidated company may mortgage entire road to secure bonds and provide therein for foreclosure sale of all property in both states by decree of competent court of this state, Id. § 3447. Such consolidated company may sue and be sued in any county in this state cut by its line, and at least six directors shall be citizens of this state, Id. § 3449. Railroad company may prohibit officers from voting proxies for stock not their own, Id. § 3457. Stockholders in arrears are not to be allowed to vote, § 3458. Every railroad before applying to railroad commissioners for their approval of the location, shall deposit eleven dollars per mile of proposed road, Id. § 3459. "No railroad shall lay out and finally locate its road, without the written approbation

¹See Cook on Stock and Stockholders and General Corporation Law, chapter xxx.

²*Id.*, chapter xxxi.

³*Id.*, chapter xxxvi, § 592.

⁴*Id.*, chapter xxxvii.

⁵*Id.*, chapter xli.

⁶*Id.*, chapter xxxviii.

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State banks and trust companies, §§ 1761-1788. National banks, §§ 1789-1798. Savings banks, §§ 1799-1824. Bank commissioners, §§ 1825-1832.

General Provisions.—Name must indicate that it is a corporation, Gen. St., 1888, § 1905. May hold real estate for its purposes not exceeding charter limit, Id. § 1906.¹ All charters subject to legislative alteration and repeal, Id. § 1909. Charter void unless sworn certificate of organization is filed with secretary of state within two years from approval of charter, Id. § 1910. Legislative amendments not operative unless corporate acceptance is filed within six months, Id. § 1911. Upon failure to hold annual meeting, a special meeting for election may be ordered upon the written request of "not less than ten, or a majority of the members," Id. § 1919. Stock is personal property, transferable only on books, and corporation has lien on all shares for all dues from holder, Id. § 1923.² Pledge of stock does not bind third parties unless actually transferred, or power of attorney filed with corporation, Id. § 1924.³ Each share has one vote, Id. § 1926. Proxies in banks and railroads good for only one year, Id. § 1927. Taxes imposed by corporation upon its shares may be collected by levy of execution under warrant of justice of peace, Id. § 1930. No annual divi-

¹See Cook on Stock and Stockholders and General Corporation Law, chapter xli. Id., chapter xxxi.

²Id., chapter xxvi.

dend shall exceed 10 per cent until surplus equals 20 per cent, Id. § 1931. Impaired capital stock and par value of shares may be reduced by vote of stockholders approved by two-thirds of board, Id. § 1933. Corporations are authorized to divide a portion of their profits among employes, Id., §§ 1935, 1936. Corporations not required to report to state officer shall make annual detailed sworn return to town clerk, Id. § 1937. Intentional neglect or refusal to comply with last section makes the corporate officers individually liable, Id. 1938. Attorneys, creditors, etc., of stockholders are entitled to information from stock book at all times, Id. § 1939.¹ Any stockholder of a corporation may apply for a writ of mandamus against it, to compel it to obey the statute laws of the state, § 1296. Stock dividends shall go to the remainderman, L. 1889, ch. 72. No injunction against voting to be granted within ten days prior to a meeting, except from voting on matters other than the organization and adjournment of the meeting, L. 1889, ch. 39.

Taxation.²—The whole property of every corporation in the state whose property is not by law expressly exempt from taxation or which does not pay direct state tax in lieu of all other taxes, except such real estate as may be required for the transaction of its appropriate business, shall be set in its list and liable to taxation in the same manner as the property of individuals, Gen. Stat. 1888, §§ 3832, 3833. The real estate is taxed where it is located; the personalty at the principal place of business, "The stockholders of any corporation, the whole property of which is assessed and taxed in its name, shall be exempt from assessment or taxation for their stock therein," Id. § 3834. The shares of the capital stock of any bank, national banking association, trust, insurance, turnpike, bridge or plank road company, owned by residents are taxed in the town where the stockholder resides. A deduction is allowed for the tax on the corporate realty, Id. § 3836. The secretaries or cashiers must send to the town assessors the names of stockholders residing therein, the number of shares owned and their market value, Id. §§ 3837-3838. Transfers to avoid the tax have a penalty attached of one per cent of the value of the stock, Id. § 3839. The same penalty is incurred by a stockholder who returns an untrue residence, Id. § 3840. A tax of one per cent of the market value is imposed on shares owned by non-resident stockholders "whose stock is liable to taxation and not otherwise taxed," Id. § 3916. The corporation pays it and has a lien therefor, Id. § 3917. Railroad corporations pay a tax of one per cent on the market value of their stock, bonds, and funded and floating debt, deducting corporate obligations held in trust as sinking fund. A de-

¹See Cook on Stock and Stockholders and General Corporation Law, chapter xxx.

²Id., chapter xxxiv.

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duction is made for taxes paid on the corporate realty. No other tax is levied on the franchise, property or debts, Id. §§ 3919, 3920. If the railroad is partly out of the state only a proportion of such tax is levied, Id. § 3921. A deduction is made for value of foreign railroads leased by the domestic corporations, Id. § 3923. The valuation of bonds and debts is to be no more than par, but is to be less if market value is less, Id. § 3991. As to how market value is determined, see Id. § 3931. Express companies pay two per cent on gross amount of all express charges paid within state; or, in lieu thereof, may pay \$10,000, Id. § 3928. A like provision applies to telephone and telegraph companies, Id. § 3929. Special provisions are made for taxing different kinds of insurance companies, Id. §§ 3933-3942. Bonds of foreign railroads owned by residents of this state are taxed, Id. § 3830. Savings banks are taxed one-fourth of one per cent on deposits exclusive of surplus, deducting, however, \$50,000 and investments in exempted public securities and also taxed real estate, Id. § 3918. Every joint stock company pays \$1.00 for recording every certificate required, § 1968. No application will be entertained for charter for company to have its principal business without the state until fee of \$100 is paid, Id. § 1912. And before commencing business such corporation (*supra* § 1912) shall pay additional fee of from \$100 to \$5,000, as determined by state board, Id. § 1913. And the last named provision applies also to every increase of capital by every such corporation, Id. § 1914. The secretary of state shall issue no copies of charter or organization certificate until such fees are paid, Id. § 1915. Payments made under the above provisions are in lieu of all taxes on franchise, but not in lieu of taxes on corporate property or shares held by individuals resident in this state, Id. § 1916.

In taxing stock a deduction is allowed for taxes levied on the real estate of the corporation, L. 1889, ch. 63.

A special tax is levied upon telegraph and telephone companies, L. 1889, ch. 178.

Corporations having special charters cannot increase the capital stock except upon paying a tax which is to be fixed by the state board, L. 1889, ch. 204.

§ 6. **DELAWARE. Constitutional Provisions.**—No incorporating act shall be enacted except by the concurrence of two-thirds of each branch of the legislature. Charter shall be granted for twenty years only, Art. 2, § 17. An amendment was ratified in 1875, authorizing the legislature to enact a general incorporation act for religious, charitable, literary and manufacturing purposes, for the preservation of animal and vegetable food, building and loan associations, and for draining low

lands, ch. 1, L. 1875. Under this such an act was passed, L. 1875, ch. 119, but it was repealed and another substituted by ch. 147, L. 1883. A substituted constitutional amendment was proposed by ch. 1, L. 1883, which should extend the power to include all municipal and private corporations excepting railroad and canal companies.

Manufacturing Corporations.—Three or more may incorporate. Charter is to state the amount of personal and real estate it may hold. May limit the powers of stockholders and directors. Majority of corporators must be residents. Articles signed and acknowledged must be published and presented to a judge for his approval. He may use discretion in allowing or disallowing the application. May carry on part of business and have one or more of principal offices out of the state. Voting power of stock may be limited. Pledges shall be so mentioned in transfers on corporate books. Directors are liable for corporate debts, if they do not file certificate that capital stock is paid up when such is the fact. Books are closed for elections twenty days before the election. Stock list open to stockholders' inspection ten days before election. Supreme court has jurisdiction to consider complaints as to elections. Stockholders' meetings to be in the state. Directors' meetings and their books, except stock and transfer books, may be out of the state. Loans to stockholders are prohibited. Officers are liable for all corporate debts, in case they make false certificates or public notices. Ten per cent of capital must be paid in before commencing business. Articles approved by judge to be recorded in county and state. Legislature may at pleasure dissolve any corporation under this act, or alter its charter. Sworn certificate to be made and filed when capital is fully paid up. Directors' meetings may be held out of the state if the by-laws so provide. If an election goes over and is held later only those vote who were entitled to vote at regular time. Judge of court may summarily order such election upon application of any stockholder. By-laws regulating elections must have been made thirty days before election in order to affect it. Court may summarily order all books to be brought into state on pain of forfeiture of charter. Meetings other than legal may be called by three stockholders. Stock may be issued for property. Laborers have a lien for one month's wages. Time of charter (twenty years), may be extended. Corporation may bond its real and personal property, not exceeding "the amount limited in its charter." May mortgage property and franchise. If capital stock is not all paid in, stockholders are liable to corporate creditors for the deficiency, ch. 147, Laws 1883.

Railroads.—There is no general incorporating act.

Banks.—There is no general act. Banking without incorporation is declared unlawful, Rev. Code 1874, p. 381.

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Taxation.—Corporations transporting passengers by steam power are taxed ten cents for every passenger, Code 1874, p. 29. But instead thereof they may pay such a part of their gross receipts from passengers, as \$13,000 is part of the gross receipts of the Philadelphia, Wilmington and Baltimore Railroad Company from passenger traffic, p. 31. A tax of ten per cent of the whole net earnings or income of railroad and canal companies is also imposed, p. 41. Also a specific tax on each locomotive and passenger coach, p. 42. Also a tax of one-half of one per cent of the cash value of all the shares of stock of the capital stock, Id. Shares of stock in banks are taxed one-quarter of one per cent, p. 45. Shares of stock in both domestic and foreign corporations are taxed, p. 53. Manufacturing corporations pay also a tax of one-tenth of one per cent of cost value of products, p. 56. Several special acts provide for commutation of special railroad taxes, *supra*. Railroad realty, other than the right of way, is taxable for municipal purposes, ch. 241, L. 1887. All insurance business pays two and a half per cent of gross premiums, ch. 423, L. 1885.

§ 7. FLORIDA. Constitutional Provisions.—Neither the state nor municipalities shall aid or subscribe to any corporation, Constitution of 1875, Art. IX. §§ 7, 10. Corporate property, with a few exceptions, is to be subject to taxation, Art. XVI. § 16. Free passes to members of the Legislature or to salaried state officers are prohibited, Id. § 31.

Miscellaneous Corporations.—Any number may incorporate for any lawful business, Dig. of Fla., L. 1881, p. 228. Articles of incorporation are to be filed with secretary of state, and in county where business is done or works are located, Id. May hold real estate for purposes of incorporation, but not to exceed amount limited in articles, p. 228. May increase or diminish by vote of stockholders cast as by-laws direct, the number of trustees or directors but not to less than three, p. 228. Capital stock may be increased by majority stock vote and a report of proceedings to secretary of state, pp. 229, 230. Justice of the peace may call a corporate meeting on application of one-third of the stockholders in interest, p. 230. Shares not transferable until previous calls are paid, p. 231. Corporations may sue members for all dues, p. 231. Directors individually liable for declaring illegal dividends, p. 232. If, upon dissolution, corporate debts are unpaid, stockholders are liable to the extent of the par value of their stock, p. 232. Transfer of stock to avoid taxation forfeits one-half the par value thereof, p. 233. Stock book, containing names and amount of stock held by each, to be open to stockholders, Id. A corporation herein is entitled to "exclusive privileges for the purposes of its creation" for twenty years after com-

mening business, p. 234. Notice of the formation of a corporation, stating also the highest amount of indebtedness it may incur, must be published in a newspaper for four weeks, Id. Charter may be amended. Statement of capital stock, of amount paid in, and of indebtedness, to be published locally every six months, and annually at capital. *Ultra vires* acts and dividends leaving insufficient funds to pay debts are criminal acts. Shares to be \$100 par value. Ten per cent of capital to be paid in before corporation can be lawfully organized, p. 235. Stockholders are liable to corporate creditors to an amount equal to par value of stock, and in addition to subscription liability. Execution against the corporation may be levied on stockholders' property, on motion in court and due notice. Officer having charge of books to furnish names of persons liable, p. 236. Annual return of property, capital, stockholders, etc., to be made to state comptroller, Id. Copy of by-laws shall be posted and published, p. 235. Failure to comply with requisites regarding organization, publicity, diversion of funds, etc., shall forfeit privileges. Upon bill filed, court of equity will dissolve the corporation, p. 235. Payment for stock by property is allowed only when the facts are stated in the articles and notice of incorporation, and the valuation is fixed by the incorporators, and that valuation is also stated in the articles, No. 61, L. 1889.

Railroads.—Three or more may incorporate, p. 274, Am'd No. 60, L. 1889. Shall give ninety days' notice in three official papers, p. 274. Articles to be signed, endorsed with affidavits of three directors, and filed with secretary of state, who, with governor, issues certificate of incorporation, p. 274. Directors (three to thirteen) must be stockholders, and by waiver of notice may be elected at any meeting. Each share has one vote. Proxies are allowed. Majority elects. Manner of voting may be fixed by by-laws, pp. 275, 276. Stock transferable under by-laws, but previous calls must be paid. All property of stockholders expressly exempt except their stock, pp. 276, 277. Capital stock may be increased with concurrence of two-thirds stock vote, p. 277. May borrow money and execute trust deeds and mortgages upon franchises and property, p. 279. Purchasers of railroad may form a corporation, p. 279. Trust deeds and mortgages shall be recorded with secretary of state, pp. 280, 286. Authorized to lease, purchase or consolidate connecting lines within or out of the state, and to own and run vessels in connection with road, p. 285. As to new name, see p. 288. Rolling stock is declared to be a fixture, p. 286. Domestic railroad corporations are authorized to operate out of the state under any other laws, p. 289. It is declared a misdemeanor for a railroad official to give, or a state officer, member of Legislature or delegate to political convention to receive, a transporta-

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tion pass, L. 1887, p. 113. Consolidation of parallel or competing railroads forbidden except upon special authority from state railroad commission, L. 1887, p. 117. By Act May 31, 1887, all private property of stockholders is expressly exempted from corporate liabilities, except their shares, and the liability thereupon is limited to unpaid subscriptions, L. 1887, p. 96.

A railroad commission exists and is given power to reduce rates to a reasonable basis, L. 1889, No. 16. The courts hold that this power cannot be used to reduce the rates below a paying point to the railroads. See Pensacola, etc., Railroad Company v. State, 5 S. Rep., 833.

Banks.—May be established in towns of over three thousand population, p. 237. Capital stock to be \$50,000 or over, secured by mortgage on real estate and one-fourth invested in Florida state bonds and deposited with the state, Id. Executors, administrators, trustees or guardians may invest trust funds in the stock of such banks, p. 238. Total debts shall not exceed double the amount of capital actually secured. Branches may be organized. Public officers may, but are not required to, deposit funds in such banks, p. 238. Any creditor or shareholder interested to extent of \$1000 may apply to a judge, who may order a commissioner to examine condition of bank, p. 239. Detailed annual returns of condition to be made to state comptroller, p. 239. Failure to return for one month entails dissolution as insolvent, p. 240. By act March 9, 1883, "The Bank of the State of Florida" was incorporated in perpetuity, with a capital of \$100,000, having trustee powers, with all privileges of above act. \$50,000 approved interest bearing bonds to be deposited with the state. Stockholders liable to an amount equal to shares held. Branches authorized. All rights thus granted to be subject to future legislation, L. 1883, pp. 144-146.

Taxation.—Shares of stock are taxed, ch. 3143, L. 1883. Real estate of the corporation is taxed the same as that of individuals. Shares of stock in corporations which are taxed on the capital stock are not taxed, Id. Railroads are assessed by the state comptroller and the assessment apportioned to the municipalities, ch. 3556, L. 1885. State tax on bank stock shares is not to exceed twenty-five cents on each share of \$100, Dig. of Fla., L. 1881, p. 241. "All public stocks or shares in all incorporated companies" are subject to taxation, L. 1887, p. 1. Shares are not taxed to individual owners where the corporation is taxed on capital, L. 1887, p. 3, § 8. All banks having capital stock of \$100,000 shall pay license tax of \$100; those having capital of \$50,000, pay \$50; \$25,000, \$30; less than \$25,000, \$20. Express companies pay license tax of \$100, Id. p. 7. Railroad property is assessed by state board and apportioned for taxation to municipalities through which it passes, Id. p. 18. Real es

tate not used in operation of road is taxed as individual property, Id. p. 20. The levy for state purposes for 1888 was four-and-a-half mills, Id. p. 27. Real estate for corporations taxed same as individual property, Id. p. 3, § 6. Each share of stock in a state bank shall be taxed not to exceed twenty-five cents, p. 241.

§ 8. GEORGIA. Constitutional Law.—“The general assembly shall have no power to grant corporate powers and privileges to private companies, except banking, insurance, railroad, canal, navigation, express and telegraph companies, . . . but it shall prescribe by law the manner in which such powers shall be exercised by the courts,” Art. III., § 7, Code 1882, § 5077. The general assembly is not to authorize street railways without consent of municipal authorities, Art. 3, § 7. Domestic and foreign life insurance companies must deposit \$100,000 as a guarantee fund, Art. III., § 12. Corporations shall not buy stock in other corporations nor “make any contract, or agreement whatever . . . which may have the effect, or be intended to have the effect, to defeat or lessen competition in their respective businesses or to encourage monopoly, and all such contracts and agreements shall be illegal and void,” Art. IV., § 2, § 5097. Power to tax corporations shall not be contracted away, Art. VII., § 2, § 5185. State shall not loan or pledge its credit to or subscribe to or become joint owner with any corporation, Id. § 5, § 5185. General assembly shall not authorize any municipality to aid or subscribe or buy stock in any corporation, Id. § 7, § 5189.

Miscellaneous Corporations.—Private corporations may be created for any purpose except banking or insurance. Petition to be filed with clerk of superior court of county and published one month. Court passes upon application and grants order. Ten per cent of capital specified must be paid in. Powers cease if not used within two years. In case of failure, stockholders are liable for subscriptions. May hold property only for charter purposes and to secure debts, Code of 1882, § 1676. Foreign corporations are forbidden to hold land to extent of 5,000 acres or more unless they incorporate in Georgia, § 1675 a.

Railroads.—Three or more may incorporate, § 1689. Notice and articles to be published for thirty days. Articles and affidavits of three directors to be filed with secretary of state, who, with the governor, shall issue certificate, § 1689 a, amended L. 1882-3, p. 135. Directors, three to thirteen, must be stockholders, § 1689 d. At every election, the books and papers of the corporation must be exhibited at the meeting, if a majority of the stockholders so desire, § 1689, d. Five per cent of stock must be paid before work begins. Subscriptions may be paid in property, § 1689 f. Stock not transferable until all previous calls are

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Banks.—Banks are incorporated by special acts of the general assembly. Semi-annual returns to be made under oath to the governor and published, Id. §§ 1466-1471. Stockholders liable directly to creditors for unpaid stock, Id. § 1491. To escape individual liability imposed by charter a transferer of stock must publish notice of transfer once a month for six months in two papers, Id. § 1496. Sept. 2d, 1887, an act was approved to authorize manufacturing and mining companies to become incorporated as savings banks; to prescribe the manner of such incorporation; to define the powers and liabilities of such companies when so incorporated; to secure by lien and define the rights of deposos therein; and to fix the rate of interest to be paid, etc. L. 1887, pp. 91, 93.

Miscellaneous Provisions.—Declared a misdemeanor for an officer or agent of bank or other corporation to use or borrow funds thereof for himself, directly or indirectly, without permission of a majority of directors or of a committee of directors authorized to act, L. 1887, p. 94.

Taxation.—"Manufacturing and other corporations, 'except railroads, insurance and other quasi public corporations'" must make returns of all their property "at the true market value, to the tax receiver of the county where the same is located, or where the principal business of each company is located, to be taxed for state and county purposes as other property in this state is taxed." Banks are taxed on shares of stock, Gen. Tax Act for 1887-8; see L. 886, pp. 14, 20, 21, and L. 1887, pp. 22, 24. Express, telegraph and electric light companies pay two and a half per cent on gross receipts, Id. Railroads are taxed on property not used for its usual business the same as individuals, L. 1882-3, p. 41. Are taxed on rolling stock in proportion to amount of track inside the state, L. 1882-3, p. 42. All corporate realty and per-

sonalty are subject to taxation, Code of Georgia, 1882, § 799. Corporations also liable to tax on capital stock, § 802. Banks are taxed by tax on shares of stock only, § 815. All other corporations "pay the same rate per cent upon the whole amount of their capital stock paid in, as is levied on other capital together with the same rate per cent upon their net annual profits," § 816. Railroads not paying dividends over six per cent pay a tax of one-half of one per cent of net annual income, until they pay a dividend of eight per cent, § 818. Non-resident railroads pay a tax on property in state, also a tax on net earnings, § 819. Corporations not paying tax forfeit their charters, § 877. Clerks' fees are the usual charges and not to exceed eight dollars, Id. § 1676.

§ 9. ILLINOIS.—Constitutional Provisions. — Irrevocable grants of special privileges or immunities are prohibited, Art. II. § 14. Special laws granting to corporations the right to lay down railroad tracks are prohibited, also granting to corporations any special or exclusive privilege, immunity or franchise whatever, Art. IV. § 22. Taxation shall be such that "every person and corporation shall pay a tax in proportion to the value of his or her, or its property," Art. IX. § 1.¹ Every stockholder may vote his stock "for as many persons as there are directors or managers to be elected, or to cumulate said shares, and give one candidate as many votes as the number of directors multiplied by the number of his shares of stock shall equal, or to distribute them on the same principle among as many candidates as he shall think fit, and such directors or managers shall not be elected in any other manner," Art. XI. § 3.² Corporations shall not be created by special charter, Id. § 1. No street railway shall occupy a street unless the local government assents thereto, Id. § 4. Laws authorizing bank corporations, to be first approved by vote of the people, Id. § 5. See *Reed v. People*, 18 N. E. Rep. 295 (1888.) Stockholders in banks are liable to amount of stock to corporate creditors for liabilities "accruing while he or she remains such stockholder," Art. XI. § 6.³ Banks must make and publish quarterly reports, Id. § 7. Railroad companies organized or doing business in the state must keep books in the state, giving stockholders, and assets and liabilities, open for public inspection⁴ and must make annual reports, Id. § 9. Rolling stock is personalty and is to be subject to execution, Id. § 10. Consolidation of parallel or competing lines is forbidden. Majority of directors of railroad companies must be citizens and residents of the state, Id. § 11.⁵ Fictitious or watered stock or bonds are void.⁶ Stock dividends are pro-

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxxiv.

²*Id.*, chapter xxxvii.

³*Id.*, chapter xii., xv.

⁴*Id.*, chapter xxx

⁵*Id.*, chapter xxxvii.

⁶*Id.*, chapter iii.

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hibited, Id. § 13. "No county, city, town, township or other municip-
ality shall ever become subscriber to the capital stock of any railroad
or private corporation . . ." Amendment of 1870.¹

Miscellaneous Corporations.—May be formed hereunder for any lawful
purpose, except for banking, insurance, real estate, brokerage, operation
of railroads and loaning money, R. S. ch. 32, § 1. From three to seven
may incorporate. Duration, of company may be ninety-nine years, Id. § 2.
Must organize and proceed to business within two years, Id. § 4.³
Corporate powers shall be exercised by aboard of directors or managers.
Directors may adopt by-laws, Id. § 6. Both transferer and tranferee
are liable for unpaid subscriptions, Id. § 8.³ Books of account of all
corporate business to be kept and open to inspection of stockholders
at all reasonable times, Id. § 13.⁴ Directors and officers are liable for
excess of corporate debts over the capital stock, Id. § 16. Liable also
for debts contracted before full capital stock is subscribed, Id. § 18.
Directors' meetings to be held within the state. If held out of state are
valid only when ratified by a two-thirds vote in the state, Id. § 20.
Officers liable for damages for any false report, statements or repre-
sentations, Id. § 21. Two-thirds in interest of stock may call a stock-
holders' meeting, Id. § 22. Pledges, etc., are not liable as stockhold-
ers, Id. § 23. Foreign corporations for profit shall not purchase or
hold real estate, except as domestic corporations may. Foreign cor-
porations not to have greater powers than domestic corporations, Id.
§ 26. The business, name, etc., of the corporation may be changed by
the corporation, L. 1889, p. 95.

Railroads.—Five or more may incorporate for fifty years. Renewal
allowed on three-fourths vote and buying out of dissenting stock-
holders, R. S. ch. 114, §§ 1, 5. Books giving full information as to the
stockholders and payments on stocks to be kept in the state and open
to public inspection, Id. § 7. Powers are to be exercised by directors
who are to be stockholders.⁵ Stockholders' annual meeting to be held in
the state, Id. § 8.⁶ One-fourth of the stock may call a meeting, Id. § 9.
Full reports required at annual meeting, and at any meeting, if ma-
jority of those present demand it, Id. § 10. Two-thirds of the stock
may remove any director or officer and elect others to fill the place,
at any special meeting, Id. § 10. "All stockholders shall, at all reason-
able hours, have access to and may examine all the books, records
and papers of such corporation," Id.⁷ Majority of directors shall

¹See Cook on Stock and Stockholders and General Corporation Law, chapter vi.

²Id., chapter xxxviii.

³Id., chapter xxxvii.

⁴Id., chapter xv.

⁵Id., chapter xxxvi.

⁶Id., chapter xxx.

⁷Id., chapter xxx.

be citizens and residents of state, Id. § 11.¹ Corporation shall not purchase its own stock or stock in any other corporation, nor loan money to an officer or director, Id. § 14.² Pledgees, etc., not liable as stockholders, Id. § 16. Lines not competing or parallel may consolidate, lease, etc., Id. §§ 23, etc., Act of June 30, 1885. No mortgage allowed unless two-thirds of the stock assent thereto, ch. 114, R. S., §§ 20, 34, etc.³ Cumulative voting prevails, Id. § 25.⁴ Transfer and stock books must be kept within the state, L. 1883, p. 128. A railroad commission has power to reduce rates, Act of June 30, 1885.

Taxation.⁵—Shares of stock are taxed, R. S., ch. 120 § 1. Also the capital stock of all corporations incorporated by the state, Id. The assessment of capital stock is its cash value, including franchise, less the assessed value of its tangible property. Is assessed by state board. If capital stock or tangible property is assessed shares of stock are not to be assessed, except in case of banks. Manufacturing corporations pay local tax on tangible property, but no state tax, Id. § 3. Capital stock is taxed where the principal place of business is, Id. § 7. Corporations, except banks and manufacturing, must report actual value of all shares of stock, indebtedness and tangible property, Id. § 32. Bank stock is taxed at the location of the bank, Id. § 35, etc. Railroads are required to report to municipalities all realty, personalty and proportion of rolling stock owned in each on May 1. It is then assessed by the municipality. Report is forwarded to the state board, Id. §§ 40-50. State board assess the capital stock and railroad track and rolling stock, and apportion the same among the municipalities interested, Id. §§ 109-111.

§ 10. INDIANA. Constitutional Provisions.—Counties are forbidden to subscribe for stock unless it is paid for at the time of subscription. Counties not to loan their credit to corporations nor borrow money to pay for stock, Art. I, § 6.⁶ Stockholders in banks are individually liable for par value of stock in addition to subscription price, Art. II, § 6.⁷ No corporation except banks shall be created by special act, Art. II, § 13.

Miscellaneous Corporations.—Three or more may incorporate for manufacturing, mining and a few other specific purposes, R. S., 1887, § 3851.⁸ May hold real estate necessary for business and in payment of or to secure debts, § 3853.⁹ Directors shall be stockholders and residents of the United States, § 3854.¹⁰ Each share has one vote §§ 3855, 3878. Capital stock may be "increased by a vote of the

¹Cook on Stock and Stockholders, and General Corporation Law, chapter xxxvii.

²Id., chapter xli.

³Id., chapter xli.

⁴Id., chapter xxxvii.

⁵Id., chapter xxxiv.

⁶Id., chapter vi.

⁷Id., chapter xli.

⁸Id., chapter xlii. § 236.

⁹Id., chapter xli.

¹⁰Id., chapter xxxvii.

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Law, chapter xxxvii.
¹Id., chapter xxxvii.
²Id., chapter xii.
³Id., chapter xxxvii.

stockholders at any annual meeting," § 3857. Corporations shall not purchase stock in any other corporation, § 3858.¹ Capital stock to be paid within eighteen months, § 3859. Annual verified report must be published, § 3863. Directors are liable for any false representation or report, § 3865. Stockholders are liable for debts due to laborers, etc., § 3869.² May amend charter so as to enlarge its objects, § 3870. Foreign corporations for same purpose shall have the same right to purchase realty as the domestic, § 3879.³ Incorporation for dealing in real estate and for mercantile business authorized, Act of March 6, 1889. The capital stock is not to exceed \$250,000, Id. Trusts of stock in gas, electric light or water companies legalized, Act of March 5, 1889.

Railroads.—Fifteen or more subscribers for stock may incorporate. Directors to be stockholders, § 3885.⁴ Railroads may, by vote of directors, increase capital stock to \$15,000 per mile, § 3890 and § 3931. Annual meeting of stockholders to be held in one of counties through which the railroad runs. Stock owned ten days previous to election only shall be voted, § 3892.⁵ One-fourth in interest of stockholders may call special meetings, § 3893. Majority present at meeting may demand statement of condition of corporation. Majority in interest may, at general meetings, remove president and directors and elect others, § 3894. Directors make the by-laws, § 3897. Certificate of capital fully paid, shall be filed with secretary of state, § 3899. Property subscriptions may be received and the property sold, § 3901. Preferred stock may be issued not to exceed half of the capital, and with such priority as may be approved by directors and majority of stockholders, §§ 3912, 3949. Annual report to secretary of state required, § 3918. Stockholders are liable for money due to laborers, etc., § 3934.⁶ Reorganization arrangements are valid and effectual, §§ 3937, 3938, etc.⁷ Purchasers at foreclosure sale may be incorporated, § 3946. Railroads may purchase and consolidate with other roads, and with branches which have not been equipped or operated in whole or in part, § 3951. May guarantee bonds of other companies not exceeding half the par value of own stock, §§ 3951⁸-3951⁹. Consolidations authorized, §§ 3951, 3965, etc. Conditional sales of rolling stock legalized, Act of March 9, 1889.

Banks.—Five or more may incorporate as bank of discount and deposit, with a capital not less than \$25,000, R. S. 1881, § 2684. Shall transact no business except organization until fifty per cent of whole capital stock is actually paid in, and sworn certificate of that fact is filed with secretary of state, § 2687. No officer or clerk shall vote a proxy.

¹Cook on Stock and Stockholders and General Corporation Law, chapter xix.

²Id., chapter xii.

³Id., chapter xii.

⁴Id., chapter xxxvii.

⁵Id., chapter xxxvii.

⁶Id., chapter xii.

⁷Id., chapter xxxix.

Directors' books of transactions to be open for inspection to stockholders, § 2688.¹ Each director must own five shares of stock, § 2689.² Residue of capital stock (see *supra* § 2687) must be paid in within six months, § 2690. Capital stock may be increased or decreased by a two-thirds stock vote, at a meeting specially noticed, and representing two-thirds of stock, § 2691. Ten per cent of annual net profits shall be set apart as a surplus fund, until same amounts to twenty-five per cent of capital stock, § 2692. List of stockholders always open to inspection, § 2693.³ Real estate may be held for business accommodations, and to pay or secure debts, § 2695.⁴ Stockholders are liable for par value of stock in addition to amount invested therein, § 2696.⁵ Annual statements of condition are to be published, § 2699. Auditor of state may direct an examination of affairs at any time, § 2701. At least five times each year a detailed report shall be made to auditor and published, § 2702.

Savings Banks.—"Any number of persons, being voters of this state, not less than seven nor more than twenty-one, who shall have been citizens of the county where they then reside for at least five years then next preceding, and who shall severally own unincumbered real estate therein worth at least \$5,000, exclusive of perishable improvements, may associate themselves together for the purpose of organizing and managing a savings bank in such county, in accordance with the provisions of this act, as a body politic and corporate," § 2703. The articles containing the names of the incorporators must be approved by a circuit judge and recorded, § 2705. Investment limited to public securities, bonds and mortgages and state notes and bills indorsed by two local freeholders, § 2721. Must keep twenty per cent of total deposits as reserve, § 2724. May take real estate to secure or in payment of debts and may own building for accommodation and to rent, but it shall not cost more than five per cent of amount of deposits, §§ 2726, 2727. One-half of one per cent to be reserved from annual gross profits as a surplus fund until such fund equals ten per cent of amount of deposits and it may continue till it reaches twenty-five per cent, § 2730. These banks are managed for the profit of the depositors, §§ 2736, 2737. Annual reports to be made to state auditor, §§ 2742, etc. Money belonging to wards of the court not exceeding \$1,000 may be ordered deposited in a savings bank, § 2756.

General Provisions.—"Shares shall be numbered in progressive order, beginning at number one," § 3003. When capital is withdrawn

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxx.

²*Id.*, chapter xxxvii.

³*Id.*, chapter xxx.

⁴*Id.*, chapter xli.

⁵*Id.*, chapter xlii.

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Law, chapter xxx.
Id., chapter xli.

and refunded all stockholders become personally liable for all debts, § 3007.¹ Book containing names of stockholders shall always be open to public, § 3010.² Certain corporations may borrow on mortgages and may issue bonds and stocks to be sold below par, § 3019. Directors may, by two-thirds vote, decrease or increase capital stock, § 3021.³ An insurance company may hold real estate not exceeding \$500,000, § 3021f. Id. Upon insolvency the liability of the stockholders is for an amount equal to amount of their stock when debts were contracted, but directors with assent of stockholders may increase it to three times that amount, § 3021g. Id.⁴ Foreign corporations doing business in the state must file in the county where they do business, a power of attorney to their agent, § 3022.⁴ Foreign corporations removing cases into United States courts shall forfeit their right to do business, § 3029.⁵ Stockholders are liable for money due to laborers, etc., in absence of written contract to the contrary, § 5206a.⁶

Taxation.⁷—Shares of stock in domestic and foreign corporations are to be taxed, § 6273. But not if the capital stock is assessed in the state, § 6286. Capital stock and franchises are taxed at principal place of business, Id. 6291. Franchise is listed as personalty, § 6303. Bank shares are taxed, §§ 6306, 6307, 6343, 6349. When the tangible property or the capital stock is listed, the shares of stock are not taxable, § 6308. All domestic corporations, except railroads, etc., are taxed on the capital stock, valued from the market value of all the shares of stock and the amount of paid up capital, also the indebtedness and assessed valuation of tangible property, §§ 6357, 6359. Railroads are taxed by the various municipalities through which they pass, on land, buildings, track, etc., and a proportion of rolling stock, etc., § 6390. Railroad property is assessed by the state and apportioned to the municipalities, § 6410. Fee of secretary of state for filing charter is \$1.00, § 5609.

§ 11. IOWA. Constitutional Provisions.—Corporations shall not be created by special laws, Art. VIII. § 1, "The property of all corporations for pecuniary profit shall be subject to taxation the same as that of individuals," Id. § 2. State shall not be a stockholder nor assume or pay the debts of corporations, Id. § 3. Municipalities shall not be stockholders in banks, Id. § 4. Laws authorizing banking corporations must first be submitted to a vote of the people and approved by majority, Id. § 5. Stockholders in banks are liable to corporate creditors to extent of par value of their stock, in addition to the sub-

¹Cook on Stock and Stockholders and General Corporation Law, chapter xli.

²Id., chapter xxx.

³Id., chapter xli.

⁴Id., chapter xli.

⁵Id., chapter xli.

⁶Id., chapter xli.

⁷Id., chapter xxxiv.

scription liability, Id. § 9.¹ Indebtedness of municipalities shall not exceed five per cent of assessed value of their property, Art. II. § 3.

Miscellaneous Corporations.—Any number of persons may incorporate for any lawful business, Revised Code 1888, § 1058. Articles of incorporation are to fix the highest limit of corporate indebtedness which must not be more than two-thirds of capital stock, but this shall not apply to debentures or bonds secured by actual transfer of real estate securities, § 1061. Except that railway companies' debt may be to extent of \$16,000 a mile of track, ch. 22, Laws 1884. Articles are to be filed and notice published, §§ 1062-1064.² Articles may be amended, § 1065. Articles must be published, § 1064.³ No dissolution prior to lapse of charter, except by unanimous vote, unless articles provide otherwise, § 1066. A failure to comply substantially with the incorporating act renders the stockholders liable for all debts, but this provision does not apply to railroad corporations, § 1068.⁴ May incorporate for twenty years. For internal improvement fifty years. May renew the charter on a three-fourths vote, upon buying out dissenting stockholders, § 1069. Fraud, deception of public and diversion of funds forfeit all privileges and are otherwise punishable, §§ 1071-1074. Keeping false books is a misdemeanor, § 1075. Corporation must post at its principal office, for public inspection, the by-laws, names of officers, capital paid in, and indebtedness, etc., §§ 1076, 1077.⁵ Non-user for two years forfeits charter, § 1079.⁶ Execution against the corporation may reach property of stockholders to extent of their unpaid subscriptions, § 1082.⁷ But only after suit against them, in which judgment against the corporation is conclusive, except as to fraud, § 1084. Annual report to be laid before general assembly, § 1280. May sell below par bonds convertible into stock. May not plead usury. May mortgage all property, § 1283.⁸ Mortgages and deeds of trust may cover after acquired property, § 1284.

Preferred stock may be issued on a two-thirds vote of all stock, but not to exceed \$10,000 per mile, and entitled to dividends not exceeding eight per cent. § 1286. May be convertible into common stock, § 1287. Foreign railroad companies are given all the privileges of domestic companies upon filing copy of charter, etc., ch. 128, Laws 1880, Rev. Code 1888, p. 482. On abandonment of right of way another corporation may use it or it reverts to the owner of fee, Rev. Code, §§ 1260 1261.⁹ Any railroad without surplus may, in addition to right given by § 1286 *supra*, with assent of two-thirds stockholders

Cook on Stock and Stockholders and General Corporation Law, chapter xii.

¹*Id.*, chapter xlii.

²*Id.*, chapter xlii.

³*Id.*, chapter xlii.

⁴*Id.*, chapter xxx.

⁵*Id.*, chapter xxxviii.

⁶*Id.*, chapter, xi.

⁷*Id.*, chapter xli.

⁸*Id.*, chapter xli.

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⁷*Id.*, chapter xlii.
⁸*Id.*, chapter, xi.

and of its bondholders, issue its preferred stock at par to the amount of its bonded indebtedness and in exchange therefor, ch. 20, L. 1874, Rev. Code, 1888, p. 446. Sales, leases, and joint running arrangements authorized as between connecting lines, Rev. Code, § 1300.

Ultra vires acts are punishable by fine and imprisonment, § 1072, etc. Franchise may be sold on execution and the purchaser is invested with all the powers of the corporation, § 1086. A single individual may incorporate under this act, § 1088. Foreign corporations must file articles, authorize service on resident agent, and take out permit as condition precedent to securing corporate privileges, and on penalty of fine Removal of cause into United States courts, avoids corporate permit, c. 76, L. 1886, Rev. Code 1888, pp. 373, 374.¹

Municipalities may aid railroads to extent of five per cent of assessed value of the property in the municipality, ch. 159, L. 1884, Rev. Code 1888, p. 475.² On a three-fourths vote of all the stock, railroads may unite or consolidate with lines connecting at the boundary of the state, Rev. Code, § 1275.

Books giving financial condition of railroad company to be always open to inspection of stockholders.³ Transfers of railroad stock, registered out of the state, valid only after registry in the state. Certain officers must reside in the state, § 1279.⁴ A railroad commissioner is given power to reduce rates and enforce such reduction through the courts, pp. 466-467, ch. 77, L. 1878.

Banks.—Five or more persons of full age, a majority being citizens of the state, may incorporate as a savings bank, by executing and filing prescribed articles and affidavits, and publishing prescribed notice. Paid-up capital shall not be less than \$10,000 in towns of less than 10,000, nor less than \$50,000 in larger towns. Directors (five to nine) must all be shareholders, and citizens of the state, and shall receive no compensation. May require sixty days written notice of withdrawal of deposits, and may close account on written notice. May hold real estate for business and to secure debts. No stock shall be issued until fully paid up. Shareholders are individually liable to an amount, in addition to stock held, equal to their shares so held, and no transfer shall affect this liability for a period of six months thereafter. Total liabilities to one person or company shall not exceed twenty per cent of capital. Quarterly statements to be made. Making false statements is felony. Paid-up capital is taxable as other property; but franchise, savings and deposits, and mortgages and other securities are exempt. Capital stock may be increased, ch. 60, L. 1874, Rev. Code 1888, pp. 598-606. Banking com-

¹Cook on Stock and Stockholders, and General Corporation Law, chapter xli.
²*Id.*, chapter vi. ³*Id.*, chapter xxx. ⁴*Id.*, chapter xxxvii.

panies not savings banks, organized under general incorporation laws, shall include word "state" in their name, ch. 72, L. 1886. Stockholders in banks are liable to extent of par value of stock, in addition to subscription price, ch. 208, L. 1880, Rev. Code 1888, p. 606.

Taxation.—For filing certificate of incorporation, §5, ch. 125, L. 1886, Rev. Code, p. 1205. Shares of stock are taxed at their actual value, Rev. code 1888, § 813. Manufacturing corporations are taxed on their tangible realty and personalty. Shares of stock are then exempt, ch. 57, L. 1880, Rev. Code 1888, p. 273. National bank stock is taxed, § 818. Railways are assessed by the executive council on entire property, and the gross earnings per mile is considered in fixing the valuation. The valuation is then apportioned among the municipalities through which they run, and each taxes its proportion, §§ 1317-1322. All property of banks and domestic or foreign corporations is taxable, § 801. All real estate of railroads not used exclusively in operation of lines is taxable the same as individual realty, § 808. Property and franchise of telegraph and express companies taxable same as individual property, § 811. Stock of corporations shall be assessed at cash value, § 813. National bank stock is taxed to the owner where the bank is located, and not elsewhere, § 818.

§ 12. **KANSAS.**—**Constitutional Provisions.**—All property of banks shall be taxed, Art. XI., § 2. "The state shall never be a party in carrying on any works of internal improvement," Art. XI., § 8. Corporations shall not be created by special act, Art. XII., § 1. Stockholders in all but railroad corporations are liable "to an additional amount equal to the stock owned by each stockholder," Art. XII., § 2. No banking law shall be in force until approved by a majority of the electors at a general state election, Art. XIII., § 8. The state shall not be a stockholder in any banking institution, Art. XIII., § 5.

Miscellaneous Corporations.—Five or more may incorporate for various purposes specified in the statutes, Com. Laws 1885, p. 210. Three of the incorporators must be citizens of the state. Charter must be subscribed and acknowledged and filed with secretary of state who issues certified copy, p. 212. Corporation may borrow money, but not in excess of its capital stock. May increase capital stock to amount not exceeding three times authorized capital, amended ch. 117, L. 1887, Com. L., p. 213. Directors may make by-laws, which, however, may be altered by vote of stockholders, p. 214. Must make report on demand of one-third of stockholders, and all the corporate records and books are open to the inspection of stockholders. Detailed annual statement to be filed with secretary of state, Id. Person claiming right to vote

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must have appeared on stock book for thirty days previous to election,
§ 215. No stock to be transferred until assessments are paid. Cumu-
lative voting is provided for, Id. Must keep a general office within the
state. Three of the directors must be citizens and residents of the
state, § 216. Stockholder's liability prescribed by the constitution may
be enforced by the same execution that is returned unsatisfied against
the corporation, "but no execution shall issue against any stockhold-
ers, except upon an order of the court in which the action, suit or
other proceeding shall have him brought or instituted, made upon mo-
tion in open court after reasonable notice in writing to the person or
persons sought to be charged; and upon such motion, such court may
order execution to issue, accordingly, or the plaintiff in the execution
may proceed by action to charge the stockholders with the amount of
his judgment," Id., p. 216. The treasurer's office and corporate funds
shall be kept within the state, p. 217. The name of the corporation shall
indicate the character of the business. The charter may be amended,
ch. 62, Laws 1886. Corporations may borrow money and give bonds
or notes to the extent of their capital stock, ch. 109, L. 1889. Trusts
are declared unlawful, ch. 257, L. 1889.

Railways.—May be incorporated under the above mentioned law,
supra. Certificates of stock issued shall be valid and binding as
against the corporation, unless an action to cancel the same shall be
brought within two years, p. 221. One railroad may guarantee stock,
consolidate, lease, etc., with connecting lines, ch. 134, Laws 1886,
Amended by ch. 186, L. 1887. A Kansas railroad may extend into other
states and may lease or purchase the road, and buy or guarantee the
stocks and bonds of continuous railroads in another state, L. 1887, ch.
181. Counties and towns may aid railroads. Two-fifths of taxpayers
may petition for election. Railroad to give a bond to cover the ex-
penses. In no case shall the whole amount exceed \$2,000 per mile, L.
1887, ch. 183. Foreign railroads must file a copy of charter and
authorization of service on agents in the state before purchasing or
leasing Kansas railroads, and no such foreign railroad shall remove
causes to the Federal courts, ch. 186, L. 1887. Foreign railroads
operating in this state are not required to have any resident directors,
nor to maintain their principal office in the state, ch. 135, L. 1886.
Consolidation of connecting lines authorized on two-thirds vote of all
the stock, ch. 197, L. 1889. A railroad commissioner is given power
to regulate rates, p. 773. The orders of the commission must be
obeyed, ch. 192, L. 1889.

Banks.—Five or more may organize a savings bank, having a capital
stock from \$50,000 to \$500,000, Com. Laws, p. 229. Must semi-
annually publish and file sworn statement, Id. p. 230.

Taxation.—Shares of stock, capital stock, undivided profits, and all other corporate assets are taxed, p. 944. See also § 10, p. 947. The capital stock is assessed at its true value in money, less the value of corporate realty and personalty in the state. Shares of stock in capital stock so taxed, are not taxed, § 12, p. 9481. Shares of stock in banks are taxed Id. p. 950. Railways are assessed by a state board and the assessment is apportioned to the counties through which the railroad runs, p. 95. Fees of secretary of state are nominal, Com. Laws 1885, p. 897.

§ 13. **KENTUCKY. Constitutional Provisions.**—There are none, but by Art. XIII., § 1, it is provided "that no man, or set of men, are entitled to exclusive, separate public emoluments or privileges from the community but in consideration of public services."

Miscellaneous Corporations and Railroads.—Any number may incorporate for any lawful business, except banking and insurance, and for the construction of railroads. Articles to be signed, acknowledged and filed with clerk of county court. Internal improvement companies shall also file the same with the secretary of state, Gen. St. 1887, p. 763. Such article must specify limit of indebtedness not to exceed two-thirds of the capital stock. Must state whether stockholders are to be personally liable. Notice must be published four weeks. Same formalities necessary for alterations, Id. p. 764. Transfer of stock valid only between parties until recorded. Stock books to be open for inspection. Corporation ceases to exist after five years non-user, Id. p. 765. Any corporation may issue preferred stock which must appear to be such on its face, Id. pp. 773, 774. Stockholders cannot escape liability for unpaid subscriptions by transfer to defraud creditors and an execution against the company may to that extent be levied upon their private property, Id. p. 766. In proceedings the courts may order the production of the books upon motion of either party, Id. Only paid-up stock is to vote at elections, Id. p. 769. An election due and not called may be ordered by court on application of stockholders owning ten shares, Id. All charters are subject to legislative repeal or amendment, Id. p. 861. Purchasers of railroads at judicial sale may become a corporation, Id. p. 766. For act concerning judicial sale of railroad, see Id. 770. Foreign railroad corporations operating within the state must within sixty days file in each county an agreement to accept service through its agents and to have all suits with citizens tried in the state courts. Failure to comply and removing a suit to Federal court annuls all contracts thereafter made and constitutes a misdemeanor, Id. pp. 656, 657. Election of railroad officers shall be within the state and must be advertised. Only paid-up stock is to vote. Court may call election upon application of holders of

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ten shares, Id. p. 769. Officers of railroads receiving municipal aid must give a bond for the proper application thereof. Annual balance sheet must be furnished and suit may be brought for any falsity. Misappropriation of aid is a felony, Id. pp. 1215, 1216. The governor appoints a board of three railroad commissioners, Id. p. 1023. To them every railroad renders an annual statement, p. 1025. All railroads are exempt from all taxation for five years from date of beginning of construction, Id. p. 1029.

Banks.—All banks doing business under the statelaws are to publish and file semi-annual statements, Id. p. 771, 772.

Taxation.—Fees for recording the charter are one dollar and ten cents a hundred words, p. 766. Shares of stock in banks, and all other corporations required by law to be taxed on their capital stock, are taxed seventy-five cents on every share of \$100, and the corporation pays on its surplus over ten per cent of the capital stock a tax at the same rate as on realty, which shall be in full of all tax—state, county and municipal. Real estate taxed separately for county and municipal purposes. Deduction if surplus invested in United States bonds, pp. 1039-1046. Railroads to report to state auditor, who assesses total value thereof and apportions it for taxation to the municipalities through which the railroad runs, pp. 1042, etc. Property of all corporations, unless otherwise provided, is to be assessed and taxed the same as property of individuals, p. 1047. (See 98 S.W. Rep., 516, 709.) Railroads are exempt from taxation for five years after beginning construction, Acts 1883-4, p. 195. Telegraph companies pay one dollar per mile for the line of poles and the first wire, and fifty cents per mile for each additional wire. Telephone companies pay one-quarter of one per cent of gross receipts. Express companies pay annual license tax of \$500 for less than one hundred miles and \$1,000 for more, Id. p. 1046.

§ 14. **LOUISIANA.—Constitutional Provisions.**—Corporations shall not be created by special acts, Art. XLVI., Constitution of 1879. Nor shall special or exclusive rights, privileges or immunities be granted to them, Id. Neither the state nor municipalities shall aid, etc., any corporation, Art. LVI., *cp.* Art. CCXLII. *sub.* Power to tax corporations shall not be contracted away, Art. CCV. Foreign corporations may be licensed to do business in the state, Art. CCXVII. But they must have a place of business and an authorized agent in the state, Art. CCXXXVI. Fictitious stock and bonds are void, and the corporation issuing them shall forfeit its charter, Art. CCXXXVIII. Bank officer, receiving deposits, etc., after he knows the bank is insolvent or failing, is guilty of a crime, Art. CCXLI. Municipalities may aid railroads on

majority vote of property taxpayers in numbers and in value, upon authorization by the general assembly. Tax not to exceed five mills per annum, nor exist longer than ten years, Art. CCXLII. All corporations must keep a stock book and statement of assets and liabilities in the state, open to public inspection, Art. CCXLV. Consolidations with foreign corporations shall not make a domestic corporation foreign, and in no case shall any consolidation take place without sixty days' notice to all stockholders, Art. CCXLVI.

"The exercise of the police power of the state shall never be abridged nor so construed as to permit corporations to conduct their business in such manner as to infringe the equal rights of individual, or the general well-being of the state," Art. CCXXXV.

Corporations cannot hold real estate longer than ten years, except such as is necessary for legitimate business, Art. CCXXXVII.

Stock may only be increased by majority vote at a meeting noticed thirty days, Art. CCXXXIX.

"The monopoly features in the charter of any corporation now existing in the state, save such as may be contained in the charter of railroad companies, are hereby abolished," Art. CCLVIII.

Miscellaneous Corporations.—Six or more may incorporate for railroad, manufacturing, and generally for "all works of public utility and advantage," except "in mercantile or in commission brokerage, stock-jobbing, exchange or banking business of any kind," Rev. L. 2d ed., 1884, § 683. May incorporate to exist ninety-nine years, § 684. Charter must contain the usual requisites and be recorded and published in the place chosen for the domicile of the corporation, §§ 685, 686. Charter may be amended, § 687. Railroad cannot be put through city or town without consent of municipal authorities, § 689. Stockholders not liable beyond unpaid subscriptions, nor do informalities in incorporation render them otherwise liable, § 690. Railroads and other corporations may borrow money on mortgage of property and franchises; such mortgage need be recorded only in the parish where principal office is located. Right may be granted to convert bonds into capital stock within ten years, but with restrictions as to increase of the capital stock, §§ 692, 693, and see §§ 726, 727. Municipalities may, with consent of a majority vote at a special election, subscribe to the stock of internal improvement companies. "The stock subscribed shall not belong to nor be administered by the parish or municipal corporation by which the subscription shall be made, but shall belong to the taxpayers who shall have paid therefor; and the tax receipt of each taxpayer shall entitle him to a certificate transferable by delivery from the corporation to which subscription has been made, for an amount equal to the amount of his tax

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paid," §§ 711-714. State may take one-fifth of stock of domestic rail-
road company, if authorized by special law, § 715. Coupon bonds at
six per cent payable in forty years shall be issued therefor, and shall be
transferable by endorsement of secretary of the company, § 716. Such
bonds to be issued only in proportion (one-fourth) to the other stock
actually paid in, § 717. All such companies to report annually to
legislature, § 724. Meetings of the stockholders and of directors must
be held within the state, § 741. Capital may vary from \$5,000 to
\$1,000,000 when the purpose is mining or manufacturing, Laws 1882,
p. 162.

Taxation.—By laws of 1886, p. 132, the old methods of taxing cor-
porations were changed. The corporate realty and personalty are taxed
the same as that of an individual. The capital stock is not taxed, but
all shares of stock are taxed and the corporation is obliged to pay
such tax and collect it from the stockholders. By laws 1881, p. 52, a
tax or license fee is laid on corporations or individuals pursuing any
business. The fee is graded according to gross annual receipts.

§ 15. **MAINE. Constitutional Provisions.**—Corporations are to be
formed under general laws unless the object of the corporation cannot
otherwise be obtained, Art. IV., § 14.

Miscellaneous Corporations.—Three or more may incorporate here-
under for any lawful business, except banking, insurance, construction
and operation of railroads or aiding in construction, trust companies,
telegraph or telephone business, R. S. 1884, p. 439. Capital stock may
be from \$1,000 to \$2,000,000, Id. Fee for filing certificate \$10
(amended by ch. 90, Acts 1887, adding \$10 when capital is less, and \$50
when more than \$10,000). Attorney-general certifies to legality of cor-
porations and to regularity of certificate, Id. p. 440. Charters may be
amended, ch. 361, Laws 1885.

Railroad Corporations.—Majority of incorporators and directors named
in certificate must be citizens of the state, R. S. 1884, pp. 467-468.
Articles not to be filed until full capital is subscribed and five per cent
paid thereon in cash, Id. 468. Articles must be approved by railroad
commissioners and recorded with secretary of state, who issues certificate
in prescribed form and takes fee of \$20, Id. 468. Any stockholder at
any meeting may call for stock vote, Id. 470. A lease or grant of its
road or any part is illegal, unless authorized by the legislature, Id. 480.
Bonds may be issued and sold below par, Id. Trustees named in rail-
road mortgage may be elected by bondholders by ballot to fill vacancies.
If bonds or coupons are overdue, trustees may take possession, operate
the road, and return it when overdue liabilities are paid, Id. 484.

Foreclosure made on application of one-third of bondholders. Foreclosure is for their benefit, constitutes them a corporation, and trustees shall convey to it, Id. p. 485. Railroads may by two-thirds vote of stockholders aid construction of branches or connecting lines, ch. 301, Laws 1885. A railroad commission is given power to reduce rates, and to approve or disapprove of the building of a new railroad, R. S. pp. 469 470. Railroad commissioners may revive lapsed charters, ch. 96, Acts 1887.

Banks.—Directors must be stockholders, citizens and residents of the state, and majority must be residents of the county. Two partners may not be directors nor one person director in two banks, Id. p. 412. One share has one vote, and every two additional shares one vote, but no one can cast more than twenty votes. Cashier cannot be director, nor vote for directors, Id. p. 413. No loans to be made on pledge of the bank's own stock; no loan to stockholder whose shares are not paid up; all dues from all directors shall not exceed one-third the capital; all dues from one director not to exceed eight per cent of capital. All bank property subject to attachment, Id. 414. Bank may hold real estate requisite for business, but shall not exceed twelve per cent of capital, exclusive of real estate taken or held as security for or in payment of debts. Debts and dues of banks are limited to twice the amount of capital with certain exclusions, Id. 414. Directors are liable for excess of debts, Id. 417. State may take stock in any bank and appoint additional director; state may require loan of any bank, Id. 417. No person can own over one-fifth of the capital stock, Id. 414. Stockholders are liable to the amount of their stock to make good any deficiency caused by mismanagement of directors, Id. p. 418. Thirteen or more may organize a savings bank or trust and loan association; three-fourths must reside in county; must publish intention to organize; send certificate to examiner and secretary of state; not more than two of the five trustees shall be national bank directors; must have thirty members; no single deposit to exceed \$2,000; may have suitable building not exceeding \$100,000 in value; investments in stocks and mortgages restricted, Id. pp. 426, et seq. am'd Acts 1887, ch. 142.

General Provisions.—Justice may call meeting on written application of three members, Id. p. 400. Proxy may be given for one meeting not more than thirty days before it is held. No one to cast more votes than allowed by charter or by-laws, Id. 401. When capital is impaired, stock may be reduced by two-thirds stock vote, but dissatisfied stockholder may move in equity to annul proceedings within thirty days, Id. 401. Foreign corporations may sue and be sued and property be attached as that of non-resident individuals, Id. 402. Corporations must

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ds vote of stock-
es, ch. 301, Laws
rates, and to ap-
R. S. pp. 469
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keep within the state an office containing "their records and books, which, at seasonable hours, shall be open to the inspection of persons interested." General power of attorney may take place of proxy, p. 401. Corporate officers must make report to state of residences of stockholders, p. 404. Stockholders are not liable beyond the unpaid subscription, except in the case of banks, but if execution against corporation is returned unsatisfied, levy may be on any stockholder's shares of stock. He has recourse against the corporation, Id. 405. Corporations not doing business in the state must have a clerk in the state, an office in the state, the corporate records and a list of stockholders open to inspection in the state, all under penalty of forfeiture of charter, ch. 263 L. 1889.

Taxation.—Shares of stock of both domestic and foreign corporations are taxed, p. 127. Machinery and real estate taxed. Proportionate part thereof is deducted from tax on shares, Id. p. 129. Realty and personality of manufacturing and mining corporations are taxed. The shares of stock are not taxed, p. 132. Bank stock is taxed where holders reside, if in the state; if out of state, is taxed at location of bank, p. 133. Railroads are taxed one-quarter of one per cent of gross receipts when such receipts are \$2,250 a mile or less; one-half of one per cent if \$3,000 or less; and increases one-quarter of one per cent for every \$750 until tax is three and one-quarter per cent. Tax is divided among municipalities where the stock is held at rate of one per cent on market value of the stock, p. 136. Railroad lands and buildings, aside from track, are taxed where they lie, p. 126. Foreign surety companies to pay annual license fee of twenty dollars and one dollar for each agent's certificate. They shall also pay annual tax of two per cent on excess of premiums over paid losses, Acts of 1887, p. 66. Express companies to procure annual license and pay state tax of three-quarters of one per cent of gross receipts in lieu of local taxation. Municipal tax on real estate to be deducted from state tax, Acts 1887, pp. 56, 57. Savings banks taxed three-quarters of one per cent on deposits after deducting real estate and exempted securities, R. S., p. 140, and Acts 1887, p. 58.

§ 16. **MARYLAND. Constitutional Provisions.**—Stockholders in banks are to be liable to the amount of their stock, Art. III., § 39. Incorporations must be under general laws, except where there is no general law of the same general character as the proposed corporation. All charters are subject to repeal or alteration. Id. § 48.

Miscellaneous Corporations.—Five or more citizens of the United States, and a majority citizens of Maryland, may incorporate for various

specified purposes, provided, generally, that the business is to be carried on in the state, Gen. Laws 1888, pp. 289-295. Court certifies that certificate of incorporation conforms to the law, Id. 319, which determination is conclusive, Id. 295. Fees are nominal, Id. 297. The stockholders or members of the corporation may, at any general meeting, make by-laws, which shall not be rescinded by the directors, managers, or trustees, Id. p. 298. Provision may be made by charter or by-laws for minority representation in elections of board, p. 299. Companies incorporated under general act for same purposes, in whole or in part, may consolidate if capital of both is paid up and majority of stockholders in each assent, p. 293. Directors to be citizens of United States and majority to be residents of the state, p. 299. Payment in property on subscription allowed at valuation agreed upon if stockholders authorize such, p. 300. Capital stock to be paid in four annual equal payments, p. 301. No liability beyond the unpaid subscription, Id. No loan of money to stockholder is legal. Person owning five per cent of capital stock may require statement of condition of corporation, p. 304. Book containing names of stockholders always to be open, p. 304. Annual report required to be recorded at principal place of business, p. 305. Manufacturing corporations may amend charter so as to change business, p. 342. Mining corporations cannot hold over five hundred acres of land. Capital stock not to exceed \$3,000,000, p. 343.

Railroad Corporations.—Five or more may incorporate, three to be citizens of Maryland, p. 346. Consolidation, aid, lease or purchase of one connecting railroad by another allowed, p. 361. Other consolidations, etc., prohibited unless expressly authorized by special act, p. 356.

Banks.—Five or more may incorporate, p. 99. Directors must be stockholders and citizens of Maryland, p. 101. Each share has one vote up to ten, then one vote for every two shares up to one hundred, and one vote for every five additional shares held by one person. No vote on stock not owned for four months previous to election. No proxies to be given by non-residents of the United States. Director cannot be director in any other bank in the state, p. 102. Capital in Baltimore must be \$300,000; elsewhere at least \$50,000, p. 100. Stockholders are liable to the amount of their stock, p. 109.

General Provisions.—All certificates of incorporation must be filed with state tax commissioners, p. 1253. Officers must keep full, fair and correct accounts of their transactions, which shall be open at all times to the inspection of the stockholders or members. Meetings may be called by a majority in interest of the stockholders. Majority in interest of stockholders may remove the president or any director and elect others to fill the place, p. 286. Majority of stock may call a

Taxation.—Owners of bonds or certificates of debts issued by corporations and secured by mortgages are taxed, p. 1207. All other taxation is by state board, who assess all the shares of stock at actual value, deduct therefrom assessed value of realty, and report to various municipalities the stock owned by its residents. Corporation pays the tax and collects from its stockholders. Railroads are assessed on realty and personalty where they lie; also pay to the state a tax of one-half of one per cent of gross receipts received within the state: shares of stock not then taxed, p. 1256, ch. 20, Laws 1880. All corporate realty is taxed where it is located. All shares of stock owned by residents are taxed, except in railroads paying taxes on gross receipts, p. 1207, ch. 122, Law, 1880. State tax on all shares of stock is to be paid by the corporation to the state, pp. 1236, 1254. Bonds, evidences of debt, etc., owned by residents or non-residents are taxed, p. 1238. Tax is on shares of stock and is paid by corporations, but deduction allowed for stock owned by corporation, p. 1258. Shares of stock of all corporations incorporated by state or located and doing business in it, are assessed at actual value, p. 1259, ch. 178, Laws 1878. Stock of non-residents assessed at principal office of corporation, p. 1250. Before commencing business every corporation must file certified copy of charter with tax commissioners, p. 1253. Savings banks shall pay an annual franchise tax of one-fourth of one per cent on total deposits, and be taxed on their real property, p. 1236.

§ 17. MASSACHUSETTS. — Constitutional Provisions.—This state is still subject to the constitution of 1780 and the amendments thereto. "No man or corporation or association of men have any other title to obtain advantages, or particular and exclusive privileges, distinct from those of the community, than what arises from the consideration of services rendered to the public," Part I. Art. VI.

Miscellaneous Corporations.—The capital of manufacturing or mining corporations is to be not less than \$5,000 nor more than \$1,000,000. May be formed by three or more to carry on any lawful business, except buying and selling real estate, or distilling or manufacturing liquor. Capital may vary from \$1,000 to \$1,000,000, Pub. Stat. 1882, p. 573. Sworn certificate of officers setting forth the articles is to be examined and approved by a commissioner of corporations and filed with secretary of state, p. 575. Proxies must be not older than six months.

if the maker resides in the United States, p. 576 and ch. 188, Acts 1888. Shares not to be issued for less than par, *Id.* p. 567.¹ Franchise may be attached and sold on execution, *Id.* pp. 568, 569. Special stock redeemable in cash may be issued at a special meeting but shall not exceed two-fifths of capital stock, p. 578. Shall not commence business until whole capital stock is paid in and certificate to that effect filed. Subscriber cannot pay for his stock by his note or obligation. Stock may be issued for property only when president, treasurer and majority of directors sign and swear to statement that the property is at fair valuation worth the property which is described in full and the commissioner of corporations certifies that he believes the valuation is fair and reasonable.² Corporations may carry on business out of the state.³ May change business by unanimous vote of stockholders and by filing an additional certificate, p. 579. Annual reports must be made, 580. President and directors are liable personally for repayment of any loan to a stockholder; for corporate debts in excess of the capital stock; for signing a false statement relative to issuing stock for property. Subscribers not having paid their subscriptions are liable individually for corporate debts contracted before subscription is paid. All stockholders are liable for debts to operatives for service demanding pay within six months after the labor, p. 581. Stockholder's liability not to exceed par value of the stock held by him. Stockholder may defend suit against corporation, when he is liable on judgment sought. But may be required to give security for costs, p. 582. May issue special stock to be held by employees, of \$10 par value to be paid for in monthly payments of one dollar. Not to exceed three-fifths of whole capital stock. Not transferable except to the corporation or an employee, ch. 209, L. 1886. Mechanical, manufacturing or gas corporation may hold real estate necessary for its purposes not to exceed three-fourths of capital stock, Pub. Stat. p. 577.

Railroads.—Twenty-five may incorporate, of whom majority must be residents, p. 606. Directors must be stockholders and a majority must be inhabitants of the state, p. 607.⁴ Certificate of incorporation must be approved by railroad commissioners and certain prerequisites be complied with, p. 608. Towns or cities of less than 30,000 population may subscribe to extent of two per cent of their valuated property, and if valuation is less than \$3,000,000, may subscribe also to extent of one-tenth of valuation upon two-thirds vote of legal voters, p. 610. Construction of road to be commenced within two years and completed

¹ Cook on Stock and Stockholders and General Corporation Law, chapter iii.

²*Id.*, chapter iii.

³*Id.*, chapter xiii. and xli.

⁴*Id.*, chapter xxxvii.

and ch. 188, Acts
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d. pp. 568, 569.
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n Law, chapter iii.
¹Id., chapter xxxvii.

within four, Id. p. 609.¹ President must call meeting on written re-
quest of thirty stockholders; or if whole number be less than thirty, of
majority.

No persons except municipal corporations can vote over one-tenth
of capital stock. No proxies good unless made within six months.

Transfer books may be kept at place authorized by directors. On
forfeiture of stock, the stockholder is liable for the deficiency, p. 611.
Railroad bonds may be sold at less than par, Id. p. 613. Trustees in
possession may contract with the corporation to operate road, Id. p.
613; and must call annual meetings of bondholders, Id. p. 614. Except
by special authority, railroads shall not directly or indirectly subscribe
for, take or hold shares of stock in, or the bonds of, or guarantee the
bonds or dividends of any other corporation.

In no case shall its bonds, and bonds guaranteed by it, exceed its
capital stock actually paid in cash. But railroads may take stock in
telegraph company; guarantee steamship company's bonds; take stock
in elevators, or guarantee connecting railroad bonds or aid in construc-
tion of branches, p. 615. No city or town may aid railroad so as to in-
crease its indebtedness beyond three per cent of valuation, Id. p. 247.
Street railway corporations may issue mortgage bonds upon the
written assent of a majority in interest of the stockholders and the ap-
proval of the railroad commissioners, L, 1889, ch. 316.

Banks.—Ten or more may incorporate under the general law. Capital
stock may vary from \$100,000 to \$1,000,000. No person shall own or
hold over one-half of the capital stock, p. 673. A stockholder has one
vote for one share, and a vote for every additional share, but not more
than ten votes in all. Proxies good for three months, p. 674. Directors
must own five shares, be citizens and residents, and majority must be resi-
dents of county or reside within ten miles of the bank. May be removed
by stockholders, p. 675. Debts due the bank not to exceed twice its
capital stock paid in.

No bank to loan on pledge of own stock more than one-half paid in
capital, Id. p. 676. Not to hold own stock except as security for debts,
Id. Directors liable for excess of debts, Id. May hold necessary real
estate not to exceed twelve per cent of capital, exclusive of realty held
to secure debts, Id. p. 677. Stockholders liable to extent of stock for
mismanagement of officers, 683.² Ch. 116 of Pub. Stat. contains
general provisions regarding savings banks which are operated for the
profit of the depositors. Savings banks may invest in the first mort-

¹See Cook on Stock and Stockholders and General Corporation Law, chapter
xxxviii., § 638.

²Id., chapter xii.

gage bonds of certain New England railroad corporations, L. 1889, ch. 305.

General Provisions.—No officer of the corporation shall cast as proxy more than twenty votes, unless owned by one person. No salaried officers shall vote as proxy, p. 566. No telegraph or gas company shall declare a stock dividend, p. 567. Transfer registries to be made within the state and register to reside in state, p. 567. Certificates issued to pledgee must state that fact, p. 508. Shares of stock may be attached and sold on execution, pp. 929, 1006.¹ Sales of stock which the vendor does not then own or control are void, p. 430.² Stock cannot be issued below par, p. 567.³ Unregistered written transfer of stock is effective, except as against the corporation, ch. 229, L. 1884.⁴ Foreign corporations, except insurance companies, shall file copy of charter and statement of condition with the commissioner of corporations, and shall appoint said commissioner their attorney to accept service of process. Failure incurs penalty of \$500, ch. 330, acts 1884.⁵ As to insurance companies see Pub. Stat. p. 723. Foreign manufacturing companies having complied with above provision may hold real estate necessary to conduct their business, ch. 321, Acts 1888. The officials of every company chartered in the state are required to file at the state house, on the request of any stockholder, between thirty and sixty days before its annual meeting, complete lists of the shareholders, with their residences and the number of shares belonging to each. These statements are to be made in a form approved by the commissioner of corporations and are to be sworn to. The penalty for neglect to file the required lists is a fine of \$1,000 against the corporation and the same sum on the delinquent official, L. 1889. A commissioner is authorized to examine and regulate foreign mortgage corporations, L. 1889, ch. 427.

Taxation.—A fee of one-twentieth of one per cent of the capital stock is charged for filing the certificate of incorporation for manufacturing, etc., corporations and others, but such fee is not to exceed \$200, p. 585. Shares of stock in turnpike, bridge or moneyed corporation are taxed. No state or municipal tax on shares of stock in corporation paying tax on franchise, except tax for school districts and parishes, p. 96, and c. 228, Acts 1887. In assessing shares of stock in manufacturing corporations deduction is made for value of machinery and real estate owned by corporation, p. 100. Stockholder evading tax forfeits one-half par value thereof, p. 102.

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxvii.

²*Id.*, chapter xx., §§ 341-347.

³*Id.*, chapter iii.,

⁴*Id.*, chapter xxvii. §§ 486-490.

⁵*Id.*, chapter xli.

⁶*Id.* chapter xxxi.

corporations, L. 1889,
shall cast as proxy
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on Law, chapter xxvii.
er iii.,
er xli.

Shares may be sold for non-payment of taxes, p. 116. Bank shares are taxed at location of bank, and bank pays the tax, p. 131. But such tax is distributed elsewhere where stockholders reside, p. 132. All corporations, except banks, mining corporations doing business out of the state and railroad companies operating out of the state, pay a franchise tax on the actual market value of all the shares of stock, less the value of real estate and machinery in the state, and in case of railroads and telegraph less the value of lines beyond the state. Rate of tax same as proportion of all taxes raised by municipalities to all the property as valued by the municipalities, p. 139. Mining companies doing business out of the state pay semi-annual tax of one-fortieth of one per cent of capital stock paid in, and four per cent of net profits, p. 140, amended ch. 106, Acts 1882, and ch. 74, Acts of 1883. Corporations to build railroad in foreign country subject to like tax, Id. p. 141. No tax laid on shares of stock in corporations paying the above tax, but the state distributes its tax among the municipalities where the stockholders reside, p. 143. Foreign corporations pay fees of \$15 to commissioners for filing charter and statement, ch. 300, Acts 1884. Tax on bank stock is lien thereon. Bank may pay under protest, ch. 142, Acts 1887.

§ 18. **MICHIGAN. Constitutional Provisions.**—Incorporations by special act are prohibited, except for municipal purposes, Art. XV., § 1. Legislature may by two-thirds vote create a bank with branches, Const. XV., § 1. General banking law must be submitted to popular vote, Id. § 2. "The stockholders of all corporations and joint stock association shall be individually liable for all labor performed for such corporation," Id. § 7.¹ Term of existence limited to thirty years, except for railroads, plank-roads and canals, Id. § 10. "No corporation shall hold any real estate hereafter acquired, for a longer period than ten years, except such real estate as shall be actually occupied by such corporation in the exercise of its franchises," Id. § 12.² "No railroad corporation shall consolidate its stock, property or franchises, with any other railroad corporation owing a parallel or competing line," and on consolidation, except on sixty days public notice to stockholders. Amendment of 1870, Art. XIXa., § 2.

Miscellaneous Corporations.—Three or more may incorporate to carry on "any kind of manufacturing or mercantile business, or any union of the two," Acts 1885, p. 343.³ Stock to be \$5,000 or over, in shares of \$25, and not to exceed \$5,000,000, Id. Ten per cent to be paid in upon incorporation. Directors must be stockholders,⁴ and may be from three to nine in

¹ Cook on Stock and Stockholders and General Corporation Law, chapter xli.

²Id., chapter xli.

³Id., chapter xlii.

⁴Id., chapter xxxvii.

number, *Id.* p. 345. Secretary and treasurer must be residents of the state. One person may fill both offices, *Id.* Directors must make annual reports, *Id.* p. 346. Books of the corporation to be open always at the chief place of business in state to inspection of stockholders, *Id.* p. 348.¹ May hold land necessary for purposes and in payment of or to secure debts. It may also purchase and hold any grant of land made by the general government to aid in any work of internal improvement in the state, *Id.* p. 348. May change or extend business by filing new certificate, on consent of two-thirds of stock. Corporation has a lien on the stock for debts due to it.² Meetings of the stockholders or directors may be held out of state, but one office and agent shall be kept within the state, *Id.* p. 349.

Three or more persons may form a partnership association to conduct any lawful business anywhere but having its principal office in Michigan, by contributing to capital which shall alone be liable for debts, and signing acknowledging and recording a prescribed statement. The word "limited" shall be added as part of name. Contributions to capital may be in property, *Gen. Stat.* § 2365. Members always liable for labor done but otherwise only for unpaid subscriptions, § 2366.³ Omission of word "limited" makes all individually liable, § 2367. Interests in association are personalty and transferable but transferee must be elected by majority in number and value. If not elected must be paid agreed or appraised value of interest, § 2368. Managers shall be three to five who must be parties, all or some, to every obligation assumed. By-laws originally adopted can only be amended by written consent of three-fourths of the members in number and value, § 2369. Cannot loan credit to members, nor to any other person without consent of majority and then only to benefit the association, § 2371.

Railroads.—Seven or more may incorporate, § 3313. Purchasers at foreclosure sale may incorporate and have powers of old corporation, § 3314. Directors to be stockholders.⁴ Stockholders in arrears not to vote. Only stock held ten days can be voted, § 3315. "The stockholders representing a majority in value of the stock may remove from office any of the directors, or other officers of the company, and elect others in their stead, and the president, and directors, and officers and agents of the company, in the exercise of their respective powers and duties, shall at all times be governed by and be subject to such rules regulations and directions, as the stockholders holding a majority in value of the stock may adopt at such meeting," § 3317. Articles may be amended by two-thirds stock vote, § 3316. One-fourth in value of

¹ Cook on Stock and Stockholders and General Corporation Law, chapter xxx.

²*Id.*, chapter xxxi.

³*Id.*, chapter xii.

⁴*Id.*, chapter xxxvii.

stock may call meeting, § 3317. "Any certificate of stock issued before payment in full, shall show on its face, or by indorsement, the amount paid thereon, and no share shall be transferred on the books of the company until the same shall be paid in full, without the consent of the board of directors," § 3320. May subscribe to stock of any other railroad company, except coterminous and competing lines, §§ 3342, 3413. Railroads not competing may consolidate, upon assent of majority in interest of each corporation, § 3343. May execute mortgages with power of sale, § 3351. May issue bonds convertible into stock; may sell their obligations at such prices as they deem proper; may increase stock, § 3352. Stockholders are individually liable for labor performed, § 3385.¹ Purchasers at foreclosure sale may incorporate, § 3406. Preferred stock may be issued but no dividend greater than eight per cent shall be preferred without a unanimous vote of stockholders, and such stock shall not be sold for less than par, § 3407. Issue of fictitiously paid up stock is prohibited.² It is a misdemeanor for officers to issue such, § 3409. May subscribe for stock or guarantee bonds of other railroads, § 3413. May hold land to amount authorized by law; may take Michigan land for subscription to stock or receive donations of land, § 4866.³ A railroad commissioner has power to investigate, and also to regulate various abuses, but not to regulate rates, ch. 90. A domestic railroad corporation may sell its road to another domestic railroad corporation, provided a majority of the stock of each company is voted in favor thereof, and provided the roads of the companies are not competing lines and have different terminal points, L. 1889, Act of February 27.

Banks.—Five or more may organize with minimum capital, varying with the population, from \$25,000 to \$100,000. Shall not loan or discount on security of its own stock.⁴ Articles are to be acknowledged and filed. One-half of the capital is to be paid in before commencing business and the remainder in ten per cent monthly installments. A commissioner shall examine the condition of the bank and issue certificate authorizing it to commence business, which certificate shall be published for six weeks. No transfer of stock binds the bank as long as transferer is indebted to it.⁵ The bank to have not less than five directors who shall each own ten shares and take oath.⁶ In elections each share has one vote and no officer or clerk can act as proxy. No stockholder may vote who is indebted to the bank on a past due obligation. A list of stockholders is to be annually filed. Quarterly reports are to be made and additional reports may be called for

¹Cook on Stock and Stockholders and General Corporation Law, chapter xii.

²*Id.*, chapter iii.

³*Id.*, chapter xli.

⁴*Id.*, chapter xix.

⁵*Id.*, chapter xxxi.

⁶*Id.*, chapter xxxvii.

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n Law, chapter xxx.

¹*Id.*, chapter xxxvii.

by commissioner. A commercial bank shall not loan on real estate security to exceed half its capital stock¹ and shall loan only upon resolution by a two-thirds vote of directors stating to what extent such loans shall be made. Savings banks shall hold a reserve of fifteen per cent of total deposits. Two-thirds of remainder to be invested in United States, state or municipal bonds or on mortgages on fifty per cent valuation. A state banking department is organized as a distinct bureau. All stockholders in banks are individually liable to the amount of their stock in addition to said stock.² Total loans of the bank to one concern are not to exceed one-tenth of capital and surplus³ except loans upon real estate and authorized collaterals or by two-thirds vote of directors, in which latter case it may be one fifth of capital. Consolidations authorized on approval of commissioner. Real estate of banks is taxed where situated and residue of capital and surplus as personal property. May hold real estate to satisfy and secure debts previously contracted and for convenient transaction of business, including apartments to rent as source of income, but not to exceed fifty per cent. of paid in capital. This act approved June 21, 1887, and ordered submitted at the next general election, was adopted by the vote of the people, No. 205, Acts 1887, pp. 225-242.

General Provisions.—May amend articles of association by filing an additional certificate, Gen. Stat. § 4866. Franchises may be sold on execution, §§ 4868-4874. The corporate clerk or directors must report to township supervisors, the names of stockholders residing therein and shares owned by them, § 4880. Transfers to avoid taxation forfeit one-half of par value, § 4882. Officers of bank, railroad, canal or turnpike company must report to state treasurer capital stock paid in, § 4883. On foreclosure sale the purchasers may incorporate and have all the rights of the old corporation, § 4885. When stockholders are individually liable, and after judgment by the corporate creditor and execution returned unsatisfied the court will require the corporate secretary to file in the case a complete list of stockholders who are liable. Such stockholders are then brought in by service. They must answer separately; judgment against the corporation is *prima facie* evidence of amount due, but not of liability of defendant stockholders. Separate judgments are entered and apportionments then made by the court. Reapportionment, if part are insolvent, §§ 4886-4889. Domestic corporations having principal office out of the state must keep stock and transfer books at branch office within state, § 4900. Shares of stock may be taken under levy of execution, §§ 7697-7701. Circuit courts have power to suspend directors for abuse of trust and to remove them for gross misconduct,

¹ Cook on Stock and Stockholders and General Corporation Law, chapter xli.

²*Id.*, chapter xli.

³*Id.*, chapter xli.

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§ 8150.¹ Creditor, officer, attorney general or stockholder may institute the suit, § 8152.² By the Act of 1885, p. 116, the principle of cumulative voting is applied to all corporations, except municipal.³ Cumulative voting provided for by Act No. 123, Pub. Acts 1887.⁴

Taxation.⁵—"All shares in corporations organized under the laws of this state, when the property of such corporation is not exempt, or is not taxable to itself; all shares in banks organized in this state under any law of the United States, but in estimating the value of such shares deduction shall be made of the value of all real estate taxed to the bank; all shares in foreign corporations (except national banks) owned by inhabitants of this state" shall be subject to taxation, Laws of 1885, p. 175, and see Acts 1887, p. 407. Shares in corporations, the property of which is taxable to itself, shall not be assessed to the shareholder, Id. p. 175. "The property of corporations paying a specific tax shall be exempt, as to the property covered by such taxation, except when otherwise provided by law," Id. p. 176. All shares in banks shall be assessed to their owners in the town where the bank is located, unless they reside elsewhere in that county, Id. p. 177. Railroads are taxed two per cent of gross receipts up to \$4,000 a mile, for miles actually in operation, and three per cent on all excess. No tax on land used for railroad purposes, but tax on land the railroad might convey away, §§ 3360, 1218. The tax is apportioned if the road is partly out of the state, Id. Real estate owned by banks is taxed, § 3186. Mining companies pay a tax on each ton of ore, §§ 4019, 3957. Manufacturing corporations pay a tax on realty and personalty, but not on capital stock 4020. Mining, smelting, etc., companies pay tax of seventy-five cents per ton on copper, one cent on iron and one-half cent on coal, in lieu of all state taxes, except specific tax on capital stock, Pub. Acts 1887, No. 108.

§ 19. MINNESOTA.—**Constitutional Provisions.**—Before a railroad corporation shall be allowed to pay a percentage of its gross earnings to the state in lieu of all other taxation, the proposition must be submitted to the people, Art. IV., § 32 a. Corporate powers not to be granted by special legislation, Art. IV., § 33, L. 1883, p. 2, and *supp't* 1888, p. 10. Stocks are to be taxed, Art. IX., § 3. Property of banks is to be subject to a tax equal to that on individuals Id. § 4. Credit of the state shall not be loaned or given to any corporation, Id. § 10. Legislature may by two-thirds vote pass general banking law under certain re-

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxxix.

² *Id.*, chapter xlv.

³ *Id.*, chapter xxxvii.

⁴ *Id.*, chapter xxxvii.

⁵ *Id.*, chapter xxxiv.

strictions, Art. IX., § 13. Stockholders in banks are liable to double the amount of their stock.¹ Are liable for a year after transfers by them Art. IX. § 14. Municipalities not to aid railroads to an amount over, five per cent of value of taxable property, Id. § XV., L. 1881, p. 17, and Supp. 1888, p. 21.² Corporations shall not be formed by special acts, Art X. § 1. Stockholders in all corporations, except those for manufacturing and mechanical purposes, are individually liable "to the amount of stock held," Id. § III.³

Miscellaneous Corporations.—Three or more may incorporate for any "lawful business," Gen. Stat. 1888, 394. Articles of association shall state the highest limit of indebtedness to be incurred, p. 395, § 110.⁴ Publication of the articles must be made, Id.⁵ Articles may be amended, Id. Statement of capital stock subscribed, of amount of capital paid in, and of indebtedness to be posted at principal place of business, Id. Transferers of stock liable on subscription for debts already incurred, Id. Stockholders liable for unpaid stock and liable as partners if incorporation was irregular, Id.⁶ Liability of stockholder is enforced by execution issued first against the corporation, Id.⁷ Capital stock shall not be less than \$10,000, § 112 and L. 1883, ch. 4, § 1, and suppm't 1888, p. 335. Corporation has a lien on stock and may enforce it by proceedings, the same as in forfeiture of stock, § 114.⁸ Books and records are to be open to inspection of stockholders. Reports to be given when called for, § 115. Principal office may be out of the state but must have an office in the state, § 116. Corporation may exist for thirty years, § 117.

Manufacturing corporations shall fix amount of capital stock in the articles, but it may be increased, Id. p. 396, § 120, and L. 1883, ch. 105 § 1 (see Suppm't 1888, p. 335). Articles may be amended, § 122, amended 1879, ch. 8, § 1, and Suppm't 1888, p. 336. There shall be at least three directors who shall be stockholders, p. 397, § 124.⁹ Before commencing business the articles must be published and a certificate filed with secretary of state and court register, § 128.¹⁰ At all meetings each share has one vote, § 129. May hold real estate necessary for purposes and to secure debts, p. 398, § 133.¹¹ Books open for inspection¹² and annual statement to be made, § 134. Stock deemed personalty, and corporation has lien upon it for all debts, § 135.¹³ Stockholders liable for amount received of improperly withdrawn capital, p. 399, § 139. Cor-

¹ Cook on Stock and Stockholders and General Corporation Laws, chapter xli.

² Id., chapter vi.

³ Id., chapter xlii., §§ 231-235.

⁴ Id., chapter xxxi.

⁵ Id., chapter xli.

⁶ Id., chapter xlii.

⁷ Id., chapter xlii.

⁸ Id., chapter xxxvii.

⁹ Id., chapter xxx.

¹⁰ Id., chapter xli., § 685.

¹¹ Id., chapter xlii.

¹² Id., chapter xlii.

¹³ Id., chapter xxxi.

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poration may be renewed after expiration of thirty years by three-quarters vote at regular meeting, those desiring renewal to purchase at current value the stock of those opposed, § 143. If the corporation violates the general incorporating act and thereby becomes insolvent, "the directors ordering or assenting to such violation shall be jointly and severally liable in an action founded on this statute for all debts contracted after such violation." (See *Patterson v. Minn. Manufacturing Company*, 42 N. W. Rep., 926, § 23, ch. 11, Gen. Stat. of 1873.) Companies for mining and smelting ores and companies for mining and smelting ores and manufacturing metals and bricks and for quarrying stone, "and dealing in mineral and other lands" may be formed by three or more, p. 400, § 144, and 1881, ch. 27, § 1. (See Supm't 1888, p. 337.) Capital must be \$10,000; no maximum limit, § 147 and 1881, ch. 27, § 3. (See Suppm't 1888, p. 338.) May have office and hold meetings out of state, but must have an office within state, p. 401, § 150. Majority of stock may always call meeting, § 149. May hold stock in any other corporation, § 151 and 1881, c. 27 § 4. (See Supm't 1888, p. 338.)

Railroads.—Five or more may incorporate, Id., p. 368. Articles are to state the limit of indebtedness to be incurred, Id. Articles are to be published, Id. May be amended, Id. p. 369. May exist for fifty years and may be renewed upon buying out dissenting stockholders, Id. Statement of capital stock subscribed, of amount actually paid in, and of indebtedness of company must be kept posted, Id. Transfer books to be open to inspection of stockholders, Id. Stockholders are liable for unpaid subscriptions and for irregular incorporation, p. 370, Am'd 1887, ch. 12. (See Suppm't 1888, p. 303.) Consolidation of parallel or competing lines is forbidden, p. 381. (See ch. 94, L. 1881, Suppm't 1888, pp. 324-326.) Other consolidations authorized, but dissenting stockholders to be paid at least the par value of their stock, Id. May aid, lease, purchase or make traffic arrangements with connecting lines, p. 381. May issue preferred stock, special stock or income certificates, and give same a voting right, p. 383. Proxies must not be over a year old, p. 386. Connecting roads may consolidate, Laws 1881, ch. 94, Supm't 1888, p. 324. Railroad company must notify public commission of completion of road and file map and profile, L. 1887, ch. 11. Capital stock of railroads can only be increased by special authority of railroad and warehouse commission obtained upon formal application, L. 1887, ch. 265, Supm't 1888, p. 327. Unlawful to issue stock until fully paid, and to issue stock or bonds except for money, labor or property actually received. Fictitious stock, etc., void, and to issue it is a misdemeanor. Special report to be filed annually with secretary of state on the issue

of stock, L. 1887, ch. 12, Suppm't 1888, pp. 302, 303. A railroad commission is given power to regulate various matters, to investigate and to report, ch. 188, L. 1885.

General Provisions.—Stockholders' and directors' meetings may be held out of the state, Id. 449. Justice of peace may call meetings in certain cases, on application of three or more members, Id. The tenure of office, method of voting, etc., may be fixed by the laws, Id. 450. Stock shall not be issued for less than its par value, Id. amended 1887, ch. 49. (See Suppm't 1888, p. 412.) Foreign land and immigration companies may hold not more than 100,000 acres of land, all to be sold within twenty-one years, except such as is acquired by forfeiture on contracts or by foreclosure of mortgages, which shall be sold within fifteen years. Must have resident agent, ch. 125, L. 1881 (see Suppm't 1888, p. 393). No corporation other than railroad, canal, etc., shall hold more than 5,000 acres of land, 1887 ch. 204, Suppm't 1888, p. 770. No corporation more than twenty per cent of whose stock is owned by aliens can hold land in this state, 1788, ch. 204, Supm't 1888, p. 769.

Taxation.—Corporations, excepting banks, railroads and insurance, shall make a return of capital stock. It is taxed on actual value of all the shares of stock, less indebtedness and value of corporate realty and personalty, Laws 1885, ch. 78, see Suppm't 1888, p. 184. The real and personal property of corporations is taxed, Id. Shares of stock in foreign corporations or in national banks situated in the state are taxed, Gen. Stat. 1878, p. 211. Shares of stock in all corporations are taxed, unless the property of the company is assessed in the state, Id. p. 213. Capital stock shall be taxed where the principal place of business is or principal business is transacted, Id. Bank stock is taxed on value obtained by deducting real estate which is otherwise taxed, from capital and surplus; the tax is paid by the bank, and a lien therefor exists on the stock, Id. 218. Railroads agreeing to pay one per cent of gross earnings annually for three years; two per cent for next seven years, and three thereafter shall forever be exempt from all other taxation, Id. 247, and L. 1887, ch. 11. All railroad companies not accepting this or other special provisions are to pay same percentage in same manner and be likewise exempted, Id. See Suppm't 1888, p. 214.

§ 20. **MISSISSIPPI. Constitutional Provisions.**—The state shall not pledge or loan its credit to nor be a stockholder in any corporations Art. XII., § 5. No corporation created by the state shall issue money, Id. § 12. "The property of all corporations, for pecuniary profits shall be subject to taxation, the same as that of individuals," Id. § 13. Muni-

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cipalities shall not aid corporations, unless two-thirds of its voters so vote, Id. § 14. Stockholders are not liable "over and above the stock by him or her owned," unless the articles of association or act of incorporation provide otherwise, Id. § 17.

Miscellaneous Corporations.—Any number may incorporate for manufacturing purposes. The proposed charter must be published. The governor must approve and sign it, Rev. Code 1880, § 1028. Stockholders shall not pay for stock by their notes. Officers are liable for loans to the stockholders, Code § 1043. Corporate debts shall not exceed capital stock. Officers are liable for excess, § 1046. Under the general act as amended all corporations, except municipal, express, railroad, and telegraph, may be created. There is no limit upon the capital nor upon the number of persons. The proposed charter shall be published three weeks; submitted for the governor's approval which must be subscribed thereto, and filed with secretary of state Code 1880, §§ 1027, 1028, 1030 amended, ch. 26, L. 1882. Stockholders are liable for unpaid subscriptions, such liability to continue one year after transfer, Code § 1037. The property and franchise are salable under a judgment, the purchaser taking the rights of the company, § 1038. The franchise is redeemable within six months, § 1039. Foreign corporations are on the same footing as domestic, except insurance companies which must deposit \$25,000, §§ 1042, 1080. No note or security shall be taken in payment for shares. No loan shall be made to stockholders. Making and assenting officers are liable therefor, § 1043. Directors are liable for excess of debts over amount of capital, § 1046. Capital may be increased. May hold any amount of real and personal estate, may borrow money and issue bonds, mortgages and deeds of trust, ch. 26, L. 1882. Charter may be amended with same formalities as when originally procured, the certified assent of majority of stock to accompany the application, and dissenting stockholders to have thirty days to enjoin, § 1029 amended, ch. 86, L. 1884.

Miscellaneous Provisions.—Transferers of stock are liable on unpaid subscriptions for one year after the sale or transfer, § 1037. Municipalities may aid railroads, ch. 27, Laws 1882. Municipalities in six specified counties may subscribe in any sum to the capital stock of railroad passing through same, but only upon consent of two-thirds of voters specially registered and voting, ch. 27, L. 1884. A railroad commissioner is authorized to reduce rates, ch. 23, L. 1884.

Taxation.—Corporations are taxed on their capital stock at their principal place of business, § 473. Shares of stock in corporations "not required by law to be otherwise listed and taxed" are taxed, § 474. By L. 1888, ch. 3, amending §§ 557, 585, Code 1880, a tax of \$100 is

levied on each bank of deposit or discount having capital stock or assets of \$10,000 or less. \$2,000 on all having more than \$200,000. This "privilege tax" is in lieu of all other state and municipal taxes upon shares and assets of bank. National banks may accept this provision, but if not, are subject to ordinary taxation. By L. 1888, ch. 11, all banks other than national banks shall make quarterly reports. By L. 1888, ch. 63, amending § 1030, Code 1880, the charter fee shall not be less than \$5.00. Certain exemptions are granted to manufacturing corporations, ch. 37, L. 1880. Bank real estate is taxed, § 585. A special tax is levied on all railroads in the Levee district for levee purposes, L. 1886, p. 29. Railroads are assessed by a state board and apportioned so that each county collects its share, §§ 597, *et seq.* But any railroad may accept another act which provides for the payment of a privilege tax in lieu of all tax except town and city taxes. This privilege is specified for certain roads, and varies from \$25 to \$125 per mile, §§ 607, 608, amended L. 1884, ch. 22, p. 29, and L. 1886, c. 2, p. 23, § 6. Two-thirds of railroad privilege taxes collected go to the counties through which the roads pass. All lands not used for operation of roads are taxed regularly where located, L. 1884, p. 30.

The "Maryland Tax Commissioners" say of Mississippi: "In Mississippi a license-privilege tax is imposed by the state on all railroads. The statute fixes the sum per mile required for each road, which varies from twenty-five dollars per mile on the Mobile and Northwestern Railroad Company to one hundred and twenty-five dollars per mile on the Mobile and Ohio and other companies. The license tax imposed by the Act of 1884, was increased twenty-five per cent. by the Act of 1886. This tax is in lieu of all state and county taxes, and two-thirds of the receipts are distributed to the respective counties through which the several roads run, in proportion to the number of miles of road in each county; but cities and incorporated towns may impose the same rate of tax on railroad property within their limits as is levied upon all other property for municipal purposes."

§ 21. **MISSOURI. Constitutional Provisions.**—The state shall not aid any corporation, Art. IV., §§ 45, 46, 49. The legislature shall not authorize any municipality to aid corporations, Art. IV., § 47. Special laws shall not create corporations, or grant right to lay down railroad tracks, Art. IV., § 53. Municipalities shall not aid railroads or other corporations, Art. IX. § 6. The power to tax corporations shall not be contracted away, Art. X., § 2. Railroads shall be taxed on their realty and personalty, "and on their gross earnings, net earnings, their franchises and their capital stock," Art. X., § 5.¹ Corporations shall pay

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxxiv.

capital stock or more than \$200,000. municipal taxes except this provision. L. 1888, ch. 11, quarterly reports. By charter fee shall not to manufacturing taxed, § 585. A district for levee a state board and 597, *et seq.* But for the payment city taxes. This from \$25 to \$125 and L. 1886, c. 2, collected go to the used for opera-

34, p. 30. Mississippi: "In Mississippi on all railroads, road, which varies Northwestern Railroads per mile on the tax imposed by the Act of 1886. two-thirds of the through which the of road in each the same rate of ed upon all other

state shall not aid legislature shall not V., § 47. Special lay down railroad railroads or other tions shall not be ed on their realty nings, their fran- orations shall pay law, chapter xxxiv.

for filing certificate of incorporation \$50 for a capital stock of \$50,000 or less, and \$5 for every additional \$10,000, Art. X, § 21. No special laws shall create corporations, Art. XII, § 2. Cumulative voting for directors must prevail with all corporations, Art. XII, § 6.¹ Fictitious bonds and stock are void, Art. XII, § 8.² Stockholders shall not be liable on stock "in any amount over or above the amount of stock owned by him or her," Art. XII, § 9. No corporation shall issue preferred stock without the consent of all the stockholders, Art. XII, § 10. A book containing the names of stockholders, etc., and assets and liabilities of the corporation is to be kept in the state and open to public inspection.³ The directors of any railroad company shall hold one meeting annually in the state, Art. XV, § 15. Rolling stock shall be personalty and subject to execution as such, Art. XII, § 16. The consolidation, lease, purchase or control of competing or parallel line is prohibited, Art. XII, § 17. Consolidation with a foreign corporation shall not make a railroad a foreign corporation. Jurisdiction of the state courts is to remain, Art. XII, § 18. Officers shall not be interested, directly or indirectly, in furnishing supplies or material to the corporation, nor in transportation companies doing business with the corporation, Art. XII, § 22.⁴ Passes to state or municipal officers or legislators are prohibited, Art. XII, § 24. Banking laws must be approved by a vote of the people before enforcement, Art. XII, § 26. It is a criminal offence for a bank officer to receive deposits after he knows the bank to be insolvent or in failing circumstances. Officer is also liable personally, Art. XII, § 27.

Miscellaneous Corporations.—Three or more may incorporate for any money-making purpose, consistent with the laws of the state. Articles must state that full capital stock has been subscribed *bona fide* and one-half actually paid for in lawful money. May incorporate for fifty years, Id. § 926. Mining companies not to be incorporated until a bond is executed to the state, conditioned that the corporation will truly pay all wages due employes and for supplies during the first year, L. 1887, pp. 109, 110, amending § 926, R. S. Cumulative voting provided for, Id. § 930.⁵ Capital stock may be from \$2,000 to \$10,000,000. Directors to be stockholders and one a *bona fide* citizen of the state,⁷ Id. § 930. Books to be open to inspection of stockholders, Id. § 932. Corporation shall not loan money to stockholders and stock shall not be paid by note, Id. § 933. The circuit court is given extensive powers to remove or punish or compel directors to pay back money in case of mis-

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxxvii.

²Id., chapter iii.

³Id., chapter xxx.

⁴Id., chapter xxxix.

⁵Id., chapter xxxvii.

⁷Id., chapter xxxvii.

feasance, malfeasance or nonfeasance by them; and to order new elections, § 948.¹

Railroads.—Five or more may incorporate, Id. § 764. May take subscriptions redeemable in transportation, and may issue interest-bearing certificates therefor, Id. §§ 773, etc. Consolidations authorized, Id. § 789. As to purchase, lease or traffic arrangement authorized between railroads within the state and in adjoining states see Id. § 790, amended L. 1887, sp. sess., p. 10. Railroads are regulated as to discriminations, etc., by L. 1887, pp. 15 *et seq.* All consolidations, leases and purchases of parallel or competing railroad lines are prohibited, L. 1887, p. 102. Railroad company may issue bonds in excess of its capital stock for purpose of constructing or acquiring a connecting railroad, but such bonds shall not exceed authorized capital of the constructed or acquired railroad, L. 1887, sp. sess., p. 8, amending § 727, R. S. A railroad commissioner is authorized to reduce rates, R. S., § 842, etc. Discriminations by railroads in regard to express companies are forbidden, Act of April 8, 1889. Shippers of live stock are to be carried free of charge, when they accompany the shipment, Act of June 12, 1889. Railroads shall not charge more for a carload of mixed freight than for a carload of the highest grade of such freight; nor shall they charge more for less than a carload than they charge for a full carload of the same freight, Act of May 6, 1889.

Banks.—Five or more may incorporate a bank of deposit and discount, R. S. 1879, § 901. Written articles are to be executed, acknowledged and recorded, specifying proposed location, the capital stock and that one-half thereof is actually paid in, § 902. The cash capital shall not be less than \$10,000 nor more than \$5,000,000, and in a city of 150,000 inhabitants not less than \$100,000, § 904. On transfer of shares the vendor, as well as the vendee, continues liable for one year, § 905. Directors must be residents of the state and *bona fide* owners of two shares, and no person shall be director in two such banks at the same time, § 906. Certificate of incorporation invalid if capital stock therein mentioned is not *bona fide* subscribed and one-half paid in, § 907. The remainder must be paid in within one year, § 908. Secretary of state may call upon board for detailed statement of affairs at any time and same shall be published. Such reports must be made at least twice each year, §§ 909-912. No bank shall become the creditor of any person or corporation in a sum exceeding twenty-five per cent. of its paid-up capital, nor loan more than twenty-five per cent of its capital on the security of any officer without sufficient collateral security or mortgages, § 916.

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxxix.

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n Law, chapter xxxix.

General Provisions.—Duration limited to twenty years, unless other-
wise provided, § 706. Subscribers are to pay five per cent. of sub-
scription in money at time of subscribing, § 711. Only the stockhold-
ers registered as such for thirty days have right to vote, § 716. During
that time the transfer book is to be open to inspection, § 720.¹ Person
complaining of an election may apply to the courts for such redress as
it may deem fit, §§ 722, 723. The bonds of the corporation are not to
exceed in amount its capital stock,² § 727, cf. railroads *supra*. Justice
of the peace may call a corporate meeting in certain cases, § 733. Ex-
ecution against the corporation unsatisfied may be satisfied out of a
stockholder's property, to the extent of his unpaid subscription, after due
notice to him of intent to levy, § 736. Private corporations may
amend articles of incorporation, Act March 21, 1881. Trusts are for-
bidden under heavy penalties, Act of May 18, 1889. Gambling in
stocks, there being no intent to deliver is prohibited under heavy pen-
alties, Act of May 9, 1889.

Taxation.—For filing certificate of incorporation see constitutional
provision, *supra*. Business and other miscellaneous corporations are
taxed on their tangible personal and real property. Banks and insur-
ance companies are taxed through the shares of stock, § 6692. Shares
of stock are not taxed, if both the capital stock and the tangible corporate
realty and personalty are taxed against the corporation, § 6713. Other-
wise shares of stock are taxed, § 6664. Railroads are taxed on repair
shops, round houses, etc., etc., where they exist. The right of way,
track, rolling stock, and depots are assessed by a state board and
apportioned among the municipalities, §§ 6865, etc. Foreign insurance
companies must make a deposit of \$200,000, except accident companies,
which deposit \$100,000, Id. § 6008, amended L. 1883, p. 99, of their
gross receipts, Act of May 16, 1889.

§ 22. **MONTANA.**—This was a territory until February, 1889, when
it was admitted into the Union. The constitution as framed by the
convention in August, 1889, for submission to the people, contains the
following provisions:

Constitutional Provisions.—There shall be no grant of special privi-
leges, franchises or immunities, Art. III., § 11. No special law shall be
passed chartering banks, insurance companies or loan and trust com-
panies; or granting to any corporation, association or individual the
right to lay down railroad tracks, or any special or exclusive privilege,
immunity or franchise whatever; or exempting property from taxation,
Art. V., § 26. No act shall "delegate to any . . . private corpora-

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxx.

²Id., chapter xli.

³Id., chapter xxxiv.

tion or association any power to make, supervise or interfere with any municipal improvements, money, property or effects," Id. § 36. No act shall authorize executors, administrators, guardians or trustees to invest trust funds in the bonds or stock of any private corporation, Id. § 37. No act shall authorize the state or any municipality "to contract any debt or obligation in the construction of any railroad, nor loan its credit to or in aid of the construction of the same," etc. Id. § 38, and Art. XIII., § 1. The power to tax corporations shall not be relinquished, Art. XII., § 7. The franchise, roadway, roadbed, rails and rolling stock of railroads shall be assessed by a state board and the amount apportioned among the municipalities in which the railroad is located, Id. § 16. Stocks shall be taxed unless the corporate property represented by such stock is within the state and has been taxed, Id. § 17. Special acts of incorporation are prohibited, Art. XV., § 2. Charters may be altered, revoked or annulled, Id. § 3. Cumulative voting shall be allowed, Id. § 4. The legislature may reduce rates, Id. § 5. Consolidation or pools of competing or parallel railroads, express or transportation companies are prohibited. Such companies shall not have the same persons as officers, Id. § 6. Discriminations are prohibited, Id. § 7. "Watered" stock and bonds are void. Any increase of stock must be by a majority stock vote duly notified, Id. § 10. Foreign corporations shall not do business in the state unless they have an office and agent to accept service in the state. Foreign corporations shall exercise no greater powers than domestic corporations have, Id. § 11. Street railroads shall be built only with the consent of the municipal authorities, Id. § 12. Telegraph lines may be constructed. Consolidation, etc., of competing telegraph or telephone companies is forbidden, Id. § 14. Corporations shall not cause employees to contract against corporate liability for injuries, Id. § 16. "Trusts" or contracts "for the purpose of fixing the price, or regulating the production of any article of commerce, or of the product of the soil, or consumption by the people" are prohibited, Id. § 20.

The following is a statement of the territorial law of Montana :

Miscellaneous Corporations.—Three or more may incorporate to carry on any "branch of business designed to aid in the industrial or productive interests of the country and the development thereof" by making, signing, acknowledging and filing proper certificate, Compiled Statutes, 1886, §§ 446, 447. If to do business outside of territory, the certificate shall so state, § 449. Trustees (three to nine) shall be stockholders. Cumulative voting provided for, § 450. Trustees may make by-laws, § 454. Stock is personal estate and a transfer is not valid except between parties, until recorded, § 455. Stockholders are liable for un-

interfere with any
 "Id. § 36. No
 or trustees to
 corporation, Id.
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 of any railroad, nor
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paid subscriptions, § 457. Trustees may issue stock at fully paid by purchase of property, § 458. Annual report to be made and on failure to make it the trustees are liable, § 460. Trustees also liable if they declare dividend when company is insolvent, § 461. No loan shall be made to stockholders. If made, all assisting or assenting are liable for all debts until repaid, § 462. False report or notice makes signers liable, § 463. Capital may be increased and business changed at properly noticed meeting by a two-thirds stock vote, §§ 468, 469. Trustees are liable for excess of indebtedness over the amount of capital, § 470. Stockholders' book to be kept under penalty, § 471. Fifteen per cent of stock may demand sworn statement of affairs from treasurer, § 472. Corporations may hold real estate necessary for their purposes, § 432. Corporation may purchase its own shares on a forfeiture of stock, § 508.

Railroads.—Five or more may form a railroad company, § 677. By executing, acknowledging and filing certificate, § 668. Shares of stock are personalty subject to execution. Ten per cent. shall be paid down and the residue in installments not exceeding twenty-five per cent. nor more often than every three months, § 681. Five directors are to be elected as soon as five per cent of the capital is subscribed, each share having one vote and a majority electing, § 683. A railroad may borrow money not to exceed the authorized capital; may issue bonds and execute mortgages to cover after-acquired property, § 691. Shall establish principal office on the line of the road, § 694. Neither the territory nor municipalities are to be responsible for railroad obligations, § 696. Directors on the vote of the stockholders may increase the capital stock, § 698. An annual report is to be made for which the statute provides an outline of fifty-six items, § 701. A foreign railroad may extend its line into Montana after filing a copy of its directors' resolution designating the route, etc., § 702. Two or more railroads may consolidate by articles of agreement entered into under the corporate seals and the officers' signatures and ratified by three-fifths of the outstanding capital stock of each company, § 703. May lease or purchase continuous or connecting lines in the same manner, § 704. May "create, issue and dispose of such amount and character of special, preferred or full paid stock of the capital stock . . . as may be deemed advisable by its board of directors," § 705. Any railroad in the territory may issue and secure bonds, etc. Mortgages and deeds of trust may be recorded with the secretary of territory which shall suffice as notice without further record, § 706.

Banks.—Banks of discount and deposit may be incorporated by three or more subject to the general act. Capital to be not less than \$20,000

which must all be paid in cash before the territorial certificate of authorization will issue, § 514. A list of the stockholders is to be filed with the auditor, § 515. A bank is not to purchase its own or other stock except to secure debts, § 516. Directors must all be citizens of the United States, and three-fourths are to be residents of the territory. Each must own ten shares and take an oath. "Stockholders in all elections of directors and in deciding all questions at stockholders' meetings, shall be entitled to one vote on each share of stock held, and may vote said stock by proxy duly authorized in writing," § 518. The bank has a lien on shares for debts due it from the holder, § 519. Directors are liable for neglect to publish semi-annual reports, § 522. Officers and stockholders are individually liable to the extent of their respective shares, "except that when any stockholder shall sell and transfer his stock such liability shall cease at the expiration of six months from and after the date of such sale and transfer," § 523. The total liability of any person or firm to a bank shall not exceed fifteen per cent of the paid-up capital and surplus, § 529. Must keep twenty per cent of its immediate liabilities in available funds, § 530. Banks under this act are taxed as national banks, "the stock to pay its share of the revenue whether held in the territory or not," § 531. Corporations of three or more may be formed for "trust, deposit, security and loaning business," with a capital of not less than \$100,000, §§ 532-563.

Foreign Corporations.—All foreign corporations shall file a copy of their charters duly authenticated, also a verified statement of their condition and an agreement consenting to be sued in the territory and designating a resident agent, whose consent shall also be filed, §§ 442, 443. Penalty is incurred for failure so to do, § 444. Annual report of condition is to be made, § 445.

Taxation.—Stocks and shares of all banks and companies, domestic or foreign, located in or out of the territory are taxed except where the entire capital stock is invested in assessable property in Montana, L. 1887, p. 84, § 4. Railroad, canal, and similar property is taxed where it is located and on the basis of sworn statements to be made by corporate officers, Id. p. 86, § 8. Depreciated stocks are assessed at their cash value, Id. § 10. All bank shares are taxed where the bank is situated upon their actual value determined by deducting the real estate from the capital and surplus. Such real estate is taxed as other real estate. Local holders of foreign national bank shares are not taxed thereon, Id. § 12. Shares of stock are taxed, Id. p. 89, § 16. Mines are taxed on their net proceeds, Id. pp. 100, 101. The fee of the territorial secretary for filing a certificate of incorporation is \$2.00, § 1969, Comp. L. 1887.

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§ 23. **NEBRASKA. Constitutional Provisions.**—Local or special laws granting to any corporation the right to lay down a railroad track or any special or exclusive privileges, immunities or franchises are prohibited, Art. III., § 15. The state shall not denote land to any corporation, Id. § 18. "Every person and corporation shall pay a tax in proportion to the value of his, her, or its property franchises," Art. IX., § 1. Corporations shall not be released or discharged from taxation, Art. IX., § 4. Railways are declared to be public highways. Maximum rates may be fixed by law. The liability of railroad corporations as common carriers shall never be limited, Art. X., § 4. Railroad corporations doing business in the state must keep a book for public inspection containing the names, etc., of the stockholders and a statement of the assets and liabilities of the corporation and make an annual report under oath, Art. XI., § 1. The rolling stock of corporations is subject to execution, Id. § 2. Consolidations of competing or parallel lines are forbidden and no consolidation at all without sixty days notice, Id. § 3. Fictitious stock and bonds and all stock dividends are void, Id. § 5. Foreign railroad corporations shall not exercise the right of eminent domain, until they incorporate in the state, Id. § 8. No municipality shall subscribe for or own stock in any corporation, Id. § 1. Street railways shall be allowed only upon a majority vote of the electors, Id. § 2. No corporation shall be created by special act, Id. § 1. Stockholders shall be liable for unpaid subscriptions. Transferees shall also be liable, Id. § 4. Cumulative voting is provided for, Id. § 5. Stockholders in banks are liable to the extent of their stock, in addition to their subscriptions, for liabilities accruing while they are stockholders. All banks shall publish quarterly statements under oath, Id. § 7. The state shall not aid corporations, Art. XII., § 3.

Miscellaneous Corporations.—Any number may incorporate for any lawful business, Com. Stat. 1887, p. 255. The articles of incorporation must fix the limit of indebtedness, which must not exceed two-thirds of the capital stock, except insurance risks, bank deposits and funds of trust companies in certain cases. Companies may hold real estate necessary for legitimate business, p. 256. Notice of incorporation must be published for four weeks, Id. Amendments also are to be published, Annual statements of debts are to be published, on a penalty of the stockholders being liable for all debts, p. 257. If the incorporation is irregular, the stockholders are liable for all debts, Id. For deception as to resources or liabilities, a penalty is imposed, Id. Manufacturing corporations may be incorporated under a different act, p. 237. Directors then must be stockholders, Id. Trusts and combinations in trade are prohibited, ch. 69, L. 1889.

Railroads.—Five or more may incorporate, Id. 243. Ten per cent on each share is payable at the time of subscription, 244. The capital may be increased by a majority stock vote on sixty days' notice, 244. Consolidations authorized, 246. But dissenting stockholders must be paid the market value of their stock, 247. Leases of railroads are also authorized, 248. Stockholders are individually liable only for unpaid subscriptions, 253. Domestic railroads may consolidate with any non-competing railroad in an adjoining state, 253, 254. May execute mortgages and deeds of trust and issue bonds convertible into stock, 254. A railroad commissioner has power to prevent discrimination, etc., and to investigate and report, ch. 60, L. 1887. Connecting railroads may subscribe to each other's stock, or one may lease or purchase the other, upon a two-thirds vote of all the stock of each company, ch. 89, L. 1889.

Taxation.—Shares of stock and also the capital stock are taxed, Id. 585. But when the capital stock is taxed the shares of stock are not, 586. The capital stock is taxed at the principal place of business, Id. All domestic corporations in addition to the tax on their personality and realty, are taxed on the capital stock. It is valued at the market value of all the shares of stock, less the valuation of the realty and personality, which are otherwise taxed, 590, 591. Bank stock is taxed and the tax is paid by the bank, 591. Railroads are assessed by a state board on all their property used for railroad purposes, and the assessment is apportioned among the counties through which they run, 592. Insurance companies are taxed on the annual excess of premiums over losses and ordinary expenses, 592.

§ 24. **NEVADA.—Constitutional Provisions.**—"The legislature shall pass no special act in any manner relating to corporate powers, except for municipal purposes." Art. VIII., § 1. "All real property and possessory rights to the same, as well as personal property in this state, belonging to corporations, now existing or hereafter created, shall be subject to taxation the same as property of individuals," Id. § 2. "Corporators in corporations formed under the laws of this state shall not be individually liable for the debts or liabilities of such corporations," Id. § 3. The state shall not give or loan its money or credit to or own stock in corporations, Id. § 9. Counties, towns, etc., shall not be stockholders in any corporation whatever, or loan their credit in aid of any such corporation except railroad corporations, Id. § 10.

Miscellaneous Corporations.—May be formed for a variety of specified purposes, "or for the purpose of engaging in any other species of

l. 243. Ten per subscription, 244. Note on sixty days' dissenting stock, 247. Leases are individually. Electric railroads may in adjoining state, and issue bonds. Commissioner has power and report, ch. 60. In other's stock, or vote of all the

stock are taxed, Id. of stock are not, place of business, on their person- it is valued at the valuation of the 590, 591. Bank 591. Railroads used for railroad along the counties. Companies are taxed on ary expenses, 592.

the legislature shall corporate powers, ex- "All real prop- personal property ting or hereafter property of indi- formed under the for the debts or e state shall not corporations, Id. rs in any corpora- corporation except

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trade, business or commerce, Gen. Stat. 1885, ch. 8, § 802. Three or more persons may incorporate by making, signing, acknowledging and recording articles, § 803. May hold necessary real estate, § 804. Trustees must be stockholders. Meetings for elections must be within the state. Cumulative voting provided for. At any time on a written application of a majority of the stock to a specified judge, a meeting will be held before the judge, and a majority of the stock may remove a trustee and elect another instead, § 806.

Married woman may transfer, etc., her stock the same as though un- married, § 810. Debts must not exceed the amount of the capital stock actually paid in, and directors are liable for any excess, § 815. All books of the company shall be open to the inspection of stockholders at all times except holidays, etc., § 817. May increase or diminish the capital stock, § 819. Subscriptions to mining corporations may be paid for by mines, § 825. Corporations for mining, milling and ore reduction may subscribe to stock of certain incidental companies, § 829. Foreign corporations doing business in the state must appoint an agent in the state to accept service of papers, ch. 44, L. 1889.

Railroads.—Ten persons, "either in this state or the United States," being subscribers, etc., may incorporate upon the subscription of at least \$1,000 a mile and the payment of ten per cent thereof, § 834. The annual meeting must be in one of the counties through which the road runs. Stockholders voting must have owned the stock for ten days. Directors must be stockholders and majority must be residents at the time of the election, § 838. At any general meeting, a director or president may be removed by two-thirds of the stock, notice having been given, § 841. By-laws are made by directors and approved by a majority of the stockholders, § 843. All corporate debts are to be recorded in a registry, which shall be open to the stockholders or creditors, and when paid, a memorandum is to be made. "No contract shall be binding upon the company unless made in writing," § 844. Shares are not transferable until unpaid calls are paid, § 846. May borrow money, not in excess of the capital stock, and give a mortgage under the consent of two-thirds of the stock. Shall provide a sinking fund for the payment of bonds and may give a bondholder the right to convert his bonds into stock within six years, § 849. A certificate of the capital being fully paid is to be filed, § 850. Consolidations are authorized on the written consent of three-quarters in interest of the stockholders, § 874. Annual reports are to be made to the secretary of state, § 878. Must begin construction within two years, § 888. False reports or notices by officers are misdemeanors, § 889. Street railroads may be incorporated under this same act, § 893. Foreign corporations doing business in the state

must appoint a resident agent to accept service papers, ch. 44, L. 1889.

Banks.—Five or more persons may incorporate as a savings bank "for their common benefit" by making, signing, acknowledging and filing proper certificate, §§ 948, 949. Not to loan without property security except when so authorized by by-law, and then only when ordered by three-quarters of all the directors, § 952. At least five of the directors shall be residents of state, a majority to be citizens of the United States, and all to be stockholders to an amount fixed by the by-laws, § 953. No liabilities shall be contracted for any purpose, but capital and assets shall be security to depositors who are not stockholders, and by-laws may provide that the same security shall extend to deposits made by stockholders, § 957. Where there is no capital stock, five per cent. of the net profits shall be reserved to constitute a reserve fund, § 958. May hold real property to secure debts and suitable lot and building for business not exceeding \$100,000 in value, § 960. Annual statements are to be published, § 963. Banks under this act may have a capital stock divided into shares, in which case the rights and privileges to be accorded to such capital stock are distinct from those to be accorded to depositors, and the obligations to be imposed upon it, shall be fixed by the by-laws, § 964. Only paid up shares shall be issued, § 969.

Taxation.—The capital stock is taxed as personalty, § 1081. "The owner or holder of any stock in any firm, incorporated company or association, the entire capital of which is invested in property which is assessed, or the capital of which is assessed, shall not be assessed individually for his stock in such company or association." Corporate property is taxed in the county where it is located. On presentation of receipt, its amount is deducted from the amount of taxes levied where the principal place of business is, § 1086. The fee of the secretary of state for filing the certificate of incorporation is \$5.00 and 40 cents per folio for recording, § 1798.

§ 25. NEW HAMPSHIRE. Constitutional Provisions.—There are none.

Miscellaneous Corporations.—Five or more adults may incorporate hereunder for any lawful business, except banking and "the construction and maintenance of a railroad," by executing written articles and filing them in the county and with the secretary of state, Gen. L. 1878, p. 362. The amount of capital stock to be paid in must be stated, Id. The capital stock may be from \$1,000 to \$1,000,000. The corporation may vary it within these limits, Id.

Railroad Corporations.—May purchase adjoining real estate to the extent of five per cent of their capital stock, p. 376. Must have a treasurer.

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er's or assistant treasurer's office in the state where transfers may be filed and attachments made. Attachments of stock are to prevail over unrecorded transfers, Id. Rival and competing domestic railroad corporations shall not consolidate nor be controlled by the same management, p. 377. No sale, lease, mortgage or contract for the use of any railroad shall be valid unless it shall be in writing filed in the office of the secretary of state and authorized by the legislature, p. 378. No contract between two or more railroads, for the use of their roads, shall be legal or binding for a longer time than five years, nor unless sanctioned in writing by the railroad commissioners, and approved by the governor and council, p. 393.

Trustees of mortgage must call a meeting of the creditors secured by the mortgage, once a year. If they do not, then one-third in amount of the creditors may call such meeting. Must make reports the same as directors report to stockholders. Creditors elect the trustees. A majority of the trustees must be residents of the state, pp. 393, 394. By ch. 100, L. 1883, twenty-five or more may incorporate. The articles of incorporation must be approved by the court as to formalities. The project must be laid before the railroad commissioners and they decide whether public interests require the construction of the road. An appeal lies from their decision to the court. Leases and consolidations are authorized on a two-thirds vote of all the stock voted. If unanimous consent is necessary in any case, dissenting stockholders' stock may be appraised and taken for purposes of consolidation, Id. A board of railroad commissioners may regulate rates, ch. 101, L. 1883.

Banks.—No creditor of a savings bank shall be eligible to office therein and no officer shall receive a loan or be accepted as surety without the unanimous consent of the trustees, Gen. L. 1878, p. 403.

Trustees shall examine the bank and report to bank commissioners quarterly when the average deposits exceed \$500,000; otherwise semi-annually. Report shall be published, Id. Must set aside ten per cent of net annual earnings for a guaranty fund until it equals five per cent of actual deposits, Id. p. 405. No savings bank shall invest any part of its deposits in the stock of any railroad or manufacturing corporation, Id.

Guaranty fund may be used when a majority of the trustees deem it necessary, except for payment of dividends, L. 1885, p. 267.

A record of all loans and investments shall be kept in a separate book for the inspection of trustees and bank commissioners, L. 1887, p. 450.

General Provisions.—One director must be an inhabitant of the state in corporations having stockholders resident in the state, § 351. By

laws may regulate the tenure of office, § 352. Corporations shall not become sureties or guarantors, Id. May hold personal and real estate "not exceeding the amount authorized by their charter or by statute and no other," Id. Corporate clerk must be an inhabitant of the state and keep his office in the state, Id. Corporate records, etc., are to be open to the inspection of stockholders and corporate creditors, whose claims are due and unpaid, Id. Business shall be managed by the officers subject "to the votes of the corporation," p. 354. The owners of one-twentieth of the stock may have a meeting called by a justice of the peace, Id. p. 353. Directors are to be three or more, p. 354. The capital stock may be increased or diminished by the corporation within the charter limits, Id. Stock shall not be disposed of at less than its par value, Id. p. 355. No certificate of stock shall be issued unless its full value has been paid in or the certificate states the amount paid in upon it, Id. A delivery of stock with a written transfer is good against all parties, but not to affect the right of the corporation to treat the holder of record as the holder in fact, ch. 16, L. 1887. Except in banks whose charters contain other provisions each share is entitled to one vote, but no stockholder shall vote more than one-eighth of the capital stock, G. Stat. p. 356. A stockholder who is challenged must swear that he is a *bona fide* owner, Id. One stockholder shall not vote as the proxy of another. No proxy can represent more than one stockholder. No one can vote as proxy more than one-eighth of the capital stock. Otherwise as to railroads, Id. Proxies are good only for the one meeting named therein, Id. Railroad proxies are allowed only in case of women and sick, infirm or old stockholders. No proxies allowed for over \$5,000, including the stock owned by the proxy himself. Stockholders cannot distribute proxies, Id. The officers in all corporations, except banks, are liable for corporate loans to stockholders, and for corporate debts in excess of one-half of the paid-in capital stock and other assets excepting in the latter case, insurance companies, p. 357. No loan shall be made by any corporation except banks to any stockholder, Id. Stockholder receiving an unlawful loan, or unlawful dividend is liable for all corporate debts, until the same is repaid. Stockholders in all corporations, except banks and railroads, are liable for all corporate debts until the capital stock is paid in and a certificate to that effect filed. In railroads they are liable "to the amount of the par value of their stock." Directors are liable for all corporate debts, if they do not file an annual report, except in railroads and banks, Id. p. 358. Directors are liable for corporate debts, if they fail to file a certificate that the capital stock is paid in, if it has been paid in, except in banks, Id. p. 359. The in-

corporations shall not personal and real their charter or by be an inhabitant Corporate records, iders and corporate Business shall be f the corporation," may have a meeting Directors are to be be increased or di- limits, Id. Stock ue, Id. p. 355. No ull value has been id in upon it, Id. d against all parties, treat the holder of Except in banks re is entitled to one -eighth of the capital ed must swear that he ot vote as the proxy ne stockholder. No capital stock. Other- or the one meeting ly in case of women es allowed for over mself. Stockholders corporations, except s, and for corporate ck and other assets s, p. 357. No loan any stockholder, Id. ul dividend is liable ckholders in all cor- or all corporate debts o that effect filed. In value of their stock." do not file an annual Directors are liable that the capital stock Id. p. 359. The in-

dividual liability of stockholders can be enforced only by a suit in equity, p. 360. As to cumulative voting, see ch. 54, Laws 1879. Ch. 102, L. 1887, makes it a misdemeanor to misuse railroad property or funds to influence legislation. Savings banks are to keep a separate book containing a record of loans and investments, ch. 65, L. 1887.

Taxation.—The tax on the incorporation of miscellaneous corporations is \$50.00 and \$25.00 for amendments; \$1.00 on every \$1,000 of capital of banks, and 50 cents a \$1,000 on railroads, 69. Railroad realty not used for the ordinary and usual purposes of railroading is taxed the same as that of individuals, p. 139. Shares of stock in all corporations, except railroad and manufacturing, are taxed, Id. Also stock in foreign corporations, unless such stock is taxed where the corporation is located. Surplus bank capital is taxed, Id. No stock is to be subject to double taxation, p. 140. Stock in domestic corporations owned by non-residents, except in railroad and manufacturing companies, is taxed at the principal place of business of the corporation, p. 141. The taxable property of the corporation shall be taxed at its chief place of business, Id. For false returns the tax is increased four-fold, p. 145. Corporate officers are obliged to state the residence, names and amount of stock of stockholders, p. 146. Transfers to avoid taxation are punished by a fine, p. 147. Any portion of a railroad which has not been completed ten years is exempt from taxation, p. 160, amended, ch. 75, L. 1881. The state collects a tax on the actual value of railroad property. One-fourth is distributed among the towns through which it runs. The residue among the towns in which the railroad stock is held or owned. The proportion on non-residents' stock goes to the state, Id. 160. Bank stock is taxed in towns where it is owned and non-residents' stock at the principal place of business, p. 169, etc. Towns may exempt from taxation for ten years, manufacturing companies, both as to their capital and tangible property, p. 140. But not where such corporation was previously exempted by any other town, ch. 21, L. 1887. Fire insurance companies pay in lieu of all other taxes, one per cent on their paid-up capital, ch. 57, L. 1887.

§ 26. NEW JERSEY. Constitutional Provisions.—Municipalities are forbidden to loan, aid, or buy stocks or bonds of corporations, Amendments Art. I., § 19. State and municipalities are forbidden to donate land or money to corporations, Id. § 20. No private, special or local bill shall grant to a corporation any exclusive immunity or franchise whatever, or right to lay down railroad tracks. Special corporate charters are prohibited, but general laws shall be passed for granting corporate powers, subject to repeal or alteration, Art. IV., § 7.

Miscellaneous Corporations.—Three or more may incorporate "for any lawful business or purpose whatever," under the Act of April 7, 1875, except railroads, turnpikes, or companies requiring use of power of eminent domain, banks and insurance, Revision of N. J. Laws, p. 179, § 10, L. 1888, ch. 80. Capital stock is to be \$2,000 or over, and \$1,000 paid in. The certificate of incorporation may limit the powers of the corporation, directors or stockholders. Part of the business may be done out of the state. Certificate must so state. Directors must be stockholders, and are to manage the business, p. 180.¹ By-laws may determine how many votes the shares of stock may cast. Preferred stock may be issued on a two-thirds vote of the stock. Transfers as collateral security shall state that fact on the transfer book, p. 181. By a two-thirds vote in interest, the nature of the business may be changed, p. 182. The transfer book is to be open to inspection for thirty days before elections, p. 183. No proxies are to be older than three years, and no stock is to be voted if transferred less than twenty days prior to the election. The supreme court may proceed summarily to review the fairness and legality of elections, p. 184. A list of names of directors and officers is to be published and filed annually with the secretary of state, within thirty days after an election, p. 185, amended L. 1877, p. 103, Suppm't to Rev., p. 169. Stockholders' meetings are to be in the state; directors may meet outside if the by-laws permit; an office, with transfer books is to be kept in the state; court may order all books into the state; loans to stockholders or directors are prohibited; three or more stockholders may call a meeting, p. 186. Stock may be issued for property: must be so stamped on the certificates; officers are liable for all debts for issuing certificates or public notice containing false statements, p. 187. Corporate creditors' remedy against stockholders may be at law or in equity, p. 194. Notice is to be given of application for acts of incorporation, *Id.* Preferred stock may be issued in payment of property, Act March 31, 1882. Such stock (issued for property) may contain a provision guaranteeing a dividend, Act March 31 1882, Suppm't to Rev., p. 149. Manufacturing corporations, incorporated under Act of April 7, 1875, must have one director resident in New Jersey² and must file his name and residence with the secretary of state, Act March 16, 1881, Suppm't to Rev., p. 162. Co-operative-manufacturing corporations may be formed by seven or more with a capital of \$1,000 to \$50,000, Act March 12, 1880, Suppm't to Rev., p. 162.

If business is to be carried on out of the state, the articles of associa-

¹ Cook on Stock and Stockholders and General Corporation Law, chapter xxxvii.

² *Id.*

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tion must state where the principal office out of the state is to be located, L. 1889, ch. 265.

Directors may, by the articles of association, be elected for a longer term than one year, up to five years, and these terms may run out in different years; and if there are various kinds of stock, a separate kind may be authorized by the articles or by-laws to choose one or more of the directors, *Id.* As to preferred stock, dividend to be yearly, not over eight per cent.

Certain corporations may purchase the stock of other similar companies and issue stock therefor, L. 1889, ch. 265.

Guaranteed stock may be converted into preferred stock, ch. 267, L. 1889.

The capital stock of any corporation, excepting railroad and canal companies, may be increased to any amount, upon the assent of two-thirds in interest of the stock and upon complying with certain formalities, ch. 105, L. 1889.

Railroads.—The consolidation or merger of connecting lines is authorized, Act of April 17, 1885. Consolidation with or lease to a foreign corporation is forbidden unless the express consent of the legislature thereto is first obtained, Act of May 2, 1885. The consolidation of connecting railways is authorized upon a two-thirds vote of the stock in each company. Dissenting stockholders must be bought out, Act March 25, 1881. Railroad directors must be full stockholders.¹ At elections a majority of the stockholders present may demand an inspection of the corporate books and papers, Act March 25, 1881. Directors of foreign corporations, authorized by the state to do business therein, may meet in New Jersey, and may have a transfer office there, Revision of N. J. Laws, p. 919. Stockholders may grant to bondholders the right to vote. Bondholders then become liable for corporate debts the same as stockholders, Act of April 21, 1876. A majority of the directors must be residents,² Revision, p. 925. Must all be stockholders, *Id.* p. 926.³ Stock is not transferable until previous calls have been paid, *Id.* p. 926. A corporation may be formed to own a railroad purchased at a foreclosure sale, Acts April 5, 1875 and March 25, 1875. No franchise is to be exclusive, Rev. p. 935. Thirteen may incorporate, *Id.* p. 925. Railroad companies may acquire real estate at each terminal point and intermediate depot, as the exigencies of business demand, up to ten acres at each such point, L. 1887, ch. 81, p. 113. Railroad companies may purchase or rent wharves, boats, etc., "capable of being of use in the transportation of freight or passen-"
¹Cook on Stock and Stockholders and General Corporation Law, chapter xxxvii.
²*Id.*
³*Id.*

gers," L. 1888, ch. 140. The governor, chancellor, vice-chancellor, supreme court justices, judges of the court of errors, secretary of state, state treasurer, comptroller of the treasury, clerk in chancery, supreme court clerk, adjutant general, quartermaster general, state librarian, state prison keeper, superintendent of public schools and members and officers of both houses of the legislature "shall pass and repass free of charge" on railroads incorporated under the general act, Rev. p. 935.

Banks.—May be organized by seven citizens of the state, with a capital varying from \$50,000 to \$2,000,000. There seems to be no liability of stockholders beyond that for their unpaid subscriptions, Revision, pp. 57, etc. A governing board of savings banks in certain cities is to provide for the election of a depositors' committee of three to appoint annually a board of four inspectors, L. 1888, ch. 280, p. 418. Banks shall make annual reports to the state and are subject to the inspection and control of the state bank commissioners, L. 1889, ch. 229.

General Provisions.—When the stock is not all paid in, stockholders are all liable ratably for the unpaid part, Revision of 1877, p. 178.¹ Directors may increase the capital stock in order to pay overdue bonds, Act of March 2, 1882, Sup't to Rev. p. 153. Foreign corporations may hold, mortgage, lease and convey real estate in New Jersey for corporate purposes, Act March 17, 1882. Domestic and foreign corporations may own and dispose of stocks and bonds of other domestic corporations, L. 1888, ch. 269, p. 385. Certain corporations, such as land, hotel and transportation companies, may issue their own stock to purchase stock in other companies, provided they all have an office in or do business in the same county, and provided such transportation business be incidental or necessary to the other business named, L. 1888, ch. 295, p. 445. Corporations may consolidate and merge upon the basis of an agreement by the board of directors assented to by a majority stock vote at a meeting specially called, the agreement being filed with the secretary of state. Objecting stockholders are to be paid the appraised value of their stock, the objection to be made at the meeting or within twenty days, and written notice to be served upon the new officers within ten days after their election, L. 1888, ch. 294, pp. 441-445. Ch. 48, L. 1888, provides for the consolidation of street railway companies. The number of directors may be decreased by the written assent of two-thirds in value of the stockholders filed with the secretary of state, L. 1888, ch. 22. Foreign corporations may acquire, hold, mortgage, lease and convey such real estate as may be necessary for the purpose of their business and to secure debts. Corporations

¹ Cook on Stock and Stockholders and General Corporation Law, chapter xii.

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chartered to do a real estate business are authorized to conduct it in this state, L. 1887, ch. 124, p. 157, amending § 99, Act April 7, 1875. A lien of workmen exists upon the assets of an insolvent corporation, L. 1887, ch. 71, p. 99.

Taxation.—The real and personal property of manufacturing corporations is taxed the same as that of an individual, Act May 11, 1886, Suppm't to Rev. 1886, p. 161.

By the important Act of April 18, 1884, Suppm't to Rev. 1886, p. 1016, an annual tax, as a license for the corporate franchise, must be paid to the state, as follows: Telegraph, telephone, cable and express companies not owned by railroad companies and not otherwise taxed, pay two per cent of gross receipts; gas and electric light companies pay one-half of one per cent of gross receipts, and five per cent of dividends in excess of four per cent; oil and pipe line companies pay four-fifths of one per cent of gross receipts; parlor, palace and sleeping car companies two per cent of gross receipts; life insurance companies one per cent of surplus; insurance companies other than life, one per cent of gross premiums; foreign insurance companies two per cent of net premiums collected in state; all other corporations, except banks, canal, railways, cemeteries, religious, charitable, educational and manufacturing or mining corporations carrying on business in the state shall pay a yearly license fee or tax of one-tenth of one per cent of their capital stock. If the tax is not paid in three months the attorney-general may cause the corporation to be restrained from doing business. By the Act of April 10, 1884, Suppm't to Rev. 1886, p. 1003, amended L. 1888, ch. 208, 259, railways and canals are taxed as follows: All personalty and realty not used for railway or canal purposes is taxed the same as are individuals. A state board of assessors assesses the total value of the road, buildings, etc., in the state; a tax of one-half of one per cent is to be paid to state; the tax of the municipalities, which shall not exceed one per cent, is apportioned and levied by the state assessors; is paid to the state, and repaid by the state to the municipality. Stock and bonds are then exempt from taxation. By Act of March 5, 1883, corporations organizing under the Act of April 7, 1875 (including manufacturing corporations), must pay \$25 for their charter if the capital stock is \$100,000 or less; must pay one-fifth of one-tenth of one per cent if over \$100,000, Suppm't to Rev. 1886, p. 149. Manufacturing corporations and all other corporations organized under Act of April 7, 1875, shall be taxed on their capital stock at its actual value, and on their surplus, Act March 14, 1879, Suppm't to Rev., p. 161, cf. Revision, p. 1156. All real and personal property of corporations is taxed the same as that of

¹Cook on Stock and Stockholders, and General Corporation Law, chapter xxxiv.

an individual, except railway, turnpike, insurance, canals, banks, cemeteries and charitable, religious or educational, Act March 7, 1878, Suppm't to Rev. 1886, p. 170. Shares of stock in domestic or foreign corporations are taxed, Revision, p. 1151. The personalty of corporations is taxed where the principal place of business is, Id. p. 1152. Real estate is taxed where it lies, Id. Foreign corporations doing business in the state are also taxed, Id. p. 1157. The value of the real estate is deducted from the assessed value of the capital stock, Id. p. 1159. Bank stock is assessed against residents wherever they reside, but against the bank, in cases of non-resident stockholders, Id. p. 1161. Railroad and Canal Taxation Act, L. 1888, ch. 208, pp. 269-287, ch. 259, p. 376. Savings banks pay, in lieu of all other taxes, an annual tax of one-half of one per cent upon deposits after deducting available funds, exempted securities and the cost of real estate purchased and foreclosure (which real estate is subject to ordinary tax), L. 1888, ch. 436, p. 545.

§ 27. **NEW YORK. Constitutional Provisions.**—The legislature shall not pass a private or local bill granting "to any corporation, association or individual the right to lay down railroad tracks," nor granting "to any private corporation, association or individual any exclusive privileges, immunity or franchise whatever. . . . No law shall authorize the construction or operation of a street railroad except upon the condition that the consent of the owners of one-half in value of the property bounded on, and the consent also of the local authorities having the control of that portion of a street or highway upon which it is proposed to construct or operate such railroad be first obtained; or in case the consent of such property owners cannot be obtained, the general term of the supreme court in the district in which it is proposed to be constructed, may, upon application appoint three commissioners who shall determine, after a hearing of all parties interested, whether such railroad ought to be constructed or operated, and their determination, confirmed by the court, may be taken in lieu of the consent of the property owners," Art. III., § 18. The state shall not give or loan its aid or credit to any corporation, Art. VII., § 6, and Art. VIII., § 10. Corporations shall not be created by special act, unless in the opinion of the legislature the objects of the corporation cannot be obtained by general laws. General or special incorporating acts may be altered or repealed, Art. VIII., § 1. Savings banks shall not have a capital stock and their directors shall not have any interest in their profits nor be interested in their loans, Id. § 4. Stockholders in state banks which issue money are liable to creditors to the extent of the par value of their

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stock in addition to the subscription liability, Id. § 7. "No county, city, town or village shall hereafter give any money or property, or loan its money or credit to or in aid of any individual, association or corporation, or become directly or indirectly the owner of stock in or bonds of any association or corporation, nor shall any such county, city, town or village be allowed to incur any indebtedness, except for county, city, town or village purposes," Id. § 11.

Miscellaneous Corporations.—Three or more may incorporate for various manufacturing purposes, ch. 40, L. 1848, and many amend-ments. See R. S., 8th. ed., p. 1953.¹ The capital stock is not limited. Corporation may exist for fifty years, Id. Directors may be from three to thirteen, Id. p. 1956. They must be stockholders and citizens of the United States and a majority must be citizens of the state, Id. § 3.² Directors elect a president from their number, Id. § 5. Directors make the by-laws, Id. Shares are not transferable until past due calls are paid. The company shall not purchase stock in any other company, Id. § 8.³ Except the stock of corporations producing or consuming articles of the first corporation, p. 1967. Until the capital stock is paid up and a certificate to that effect filed, the stockholders are liable doubly on their stock. The capital stock must be paid in: one-half within a year, the remainder within two years, p. 1957, § 10. Directors must file a specified annual report, and for failure so to do are liable for all debts, Id. § 12. Stock may be issued for property, p. 1961.⁴ For making reports willfully false, the directors are liable for all debts, p. 1958, § 15.⁵ Executors, administrators, guardians, trustees and pledgees, are not liable on stock, Id. § 16. But may vote, except in the case of pledgee, Id. § 17. Stockholders are liable for debts to laborers, Id. § 18.⁶ The stockholders' statutory liability does not apply to debts payable more than a year after the debt is contracted. It lapses unless suit is brought within a year after the debt becomes due. A transfer of stock releases the transferor after two years, p. 1960, § 24. Stock books shall be open to stockholders and creditors, Id. § 25.⁷ Stockholder owning a certain amount of stock may demand a statement of assets and liabilities, Id. § 27. Consolidations are provided for, p. 1968. Mortgages may be made upon the written consent of two-thirds of the stockholders, pp. 1965, 1973.⁸ A valuable little book giving the decisions under this act has been written by Mr. W. S. Poor (L. K. Strouse & Co., 1886.)

¹ Cook on Stock and Stockholders and General Corporation Law, chapter xiii.

² Id., chapter xxxvii.

³ Id., chapter xii.

⁴ Id., chapter xli.

⁵ Id., chapter xix.

⁶ Id., chapter xii.

⁷ Id., chapter ii.

⁸ Id., chapter xxx.

The above act does not authorize incorporation for all purposes. Accordingly in 1875 another act was passed called "The Business Men's Act." Under it, incorporation is authorized for any lawful purpose, except banking, insurance, construction or operation of railroad or aiding in the construction thereof, savings banks and trust, etc., companies, p. 1978. Fictitious and watered stock is void, p. 1982, § 14.¹ Books and accounts are open to stockholders' inspection, Id. § 16.² Directors must file reports, p. 1983, § 18. No loans to be made to stockholders, Id. § 20.³ Most of the provisions of the manufacturing companies' act of 1848 are re-enacted herein. But corporations formed under this act may be with full liability of stockholders for all debts, or only limited liability, p. 1986. Companies with limited liability must place the word "limited" after their name, Id. Bonds and mortgages, not over half of value of corporate property, may be issued on vote of more than two-thirds of stock, p. 1982.⁴ In addition to the above acts there are many other general laws for incorporations. Thus, for building associations, see p. 1991. Hotels, p. 2001. Parks, etc., p. 2004. Agricultural purposes, p. 2015. Co-operative companies, p. 2045. Turnpikes, p. 1462. Bridge, p. 1509. Insurance, p. 1608. Water works, p. 2047. Exchanges and boards of trade, p. 2057. Pipe lines, p. 1862. Telegraph, p. 2060. Building, p. 1971. Joint stock associations, p. 2088. Associations must file a certificate stating the law under which they are organized, under penalty of \$50 a day, ch. 505, L. 1885.

Railroads.—The great railroad act of New York enacted in 1850, L. 1850, ch. 140, has been substantially re-enacted in every state of the Union. Among its requisites are that there must be at least twenty-five persons for incorporation; the capital stock is to be at least \$10,000 a mile, and directors are to be thirteen, pp. 1738, 1739. No incorporation is allowed until \$1,000 per mile is subscribed and ten per cent paid in, Id. Stock must have been owned thirty days previous to elections, in order to be voted. Directors must be stockholders qualified to vote.⁵ The books and papers of the company are to be present at elections, if a majority of the stockholders so require. Purchasers of a railroad at a foreclosure sale may incorporate hereunder, p. 1739. The directors appoint the president and other officers, p. 1740, § 6. "It shall not be lawful for such company to use any of its funds in the purchase of any stock in its own or in any other corporation," Id. § 8.⁶ Stockholders are liable to laborers for thirty days of services, with certain restrictions on the right of collection, p. 1741, §§ 10, 12.⁷ Executors, guardians, trus-

¹ Cook on Stock and Stockholders and General Corporation Law, chapter iii.

²Id., chapter xxx.

³Id., chapter xxxvii.

⁴Id., chapter xli.

⁵Id., chapter xix.

⁶Id., chapter xli.

⁷Id., chapter xli.

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⁴ *Id.*, chapter xli.
⁵ *Id.*, chapter xlii.

tees and pledgees are not liable on stock, p. 1741. May borrow money, issue bonds and mortgages, and the directors may authorize the conversion of bonds into stock, but an increase of stock is to be authorized by the stockholders only, p. 1752. Elaborate reports to the state are required, *Id.* The legislature may reduce rates when the profits exceed ten per cent of the actual cash invested, p. 1759. Powers are to cease unless the company begins construction and expends ten per cent of its capital within five years, and completes the work within seven years, p. 1762, § 47.¹ Or within ten years, p. 1764. Connecting lines may consolidate, p. 1766.² Any number of persons may incorporate to construct, maintain and operate a railroad in a foreign company, and are given liberal powers, and at least one meeting of the stockholders each year is to be held in the state for elections, p. 1767. Railroads may contract with each other "for the use of their respective roads," p. 1771.³ A railroad is liable for loss of freight received by it and lost on a connecting line, p. 1772. A lessee railroad may purchase the stock of the lessor railroad and on purchase of the whole stock shall own it, pp. 1780, 1782. A mortgagee may purchase a railroad at a foreclosure sale, p. 1781. Connecting railroads may consolidate upon the consent of two-thirds of the stockholders in interest, but this is not applicable to parallel or competing lines, p. 1783.⁴ On foreclosure sale, the purchasers may incorporate and have all the rights and privileges of the old corporation, and may make the plan of reorganization a part of the new charter. A majority must be citizens and residents; the charter may regulate the right to vote; it may issue stock and bonds and settle claims against the old corporation; the receiver's liability is limited, and stockholders may come into the reorganization, within six months after organization, p. 1788.⁵ A New York railroad may consolidate with Pennsylvania railroad corporations, p. 1789. A foreclosure of mortgage on a consolidated road, partly in the state, may be had, p. 1791. Stockholders are prohibited from selling proxies, p. 1793. Railroads may invest in stock of union depot companies, p. 2013. Private railroads are authorized, p. 1402.

The inspectors of election may require any voter to take an oath as to the ownership of stock and that he is not paid for voting. Proxies also may be compelled to take oath, p. 1793. A railroad commissioner has power to investigate and report, p. 1840, etc. The capital stock may be increased, ch. 426, L. 1889.

—The old New York banking act was the model upon which

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxxviii.

²*Id.*, chapter xl.

³*Id.*, chapter xl.

⁴*Id.*, chapter xli.

⁵*Id.*, chapter xxxix.

the present national banking act was framed. The New York act was re-enacted and remodelled in 1882, ch. 409, L. 1882, R. S., 8th ed., pp. 1514, etc. Any member may incorporate, § 29. Individual bankers must file a certificate of residence, § 32. Loans must not exceed three times the capital stock, § 179.¹ The method of ascertaining profits for declaring dividends is prescribed, § 181. At elections an oath may be administered to stockholders, § 202. So also as to proxies, §§ 203-204. Persons complaining of unfairness or illegality at elections may have the matter reviewed by the courts, §§ 210-213. Stockholders are liable for debts to the "extent" of their stock; also subject to assessments to repair the capital, § 125, ch. 191, L. 1882, R. S., 8th ed., 1586.² Upon the application of creditors or stockholders having \$1,000 interest in the bank, the courts may order a master in chancery to make an examination of its condition, ch. 409, L. 1882, § 19. Upon the consolidation of banks, a dissenting stockholder may demand the value of his stock, Id. § 56. The provisions for the issue of paper money are also re-enacted, §§ 70-123.

Trust companies are organized under ch. 546, L. 1887, R. S., 8th ed., p. 1596. Stockholders in trust companies are liable for its debts to the extent of the par value of their stock, ch. 558, L. 1889.

Savings banks have no stockholders.

General Provisions.—Corporations must organize and commence business within a year from their incorporation or their powers cease, R. S., 8th ed., p. 1724.³ Charters are subject to alteration, suspension and repeal, Id. No corporation shall discount paper and receive deposits and do a banking business unless it is expressly incorporated for banking purposes, p. 1723.⁴ Transfer books are to be open to stockholders for thirty days before elections, p. 1728.⁵ Notes shall not be received from stockholders in payment of subscriptions, Id. Corporate debts shall not exceed three times the capital stock,⁶ and if they do the guilty directors shall be liable to creditors to the extent of the excess, Id. § 3. After a refusal to pay its notes or other evidence of debts, a corporation cannot assign anything to an officer or stockholder to pay a debt, nor shall it assign to any one in contemplation of insolvency, p. 1729, § 4.⁷ Stockholders complaining of unfairness or illegality at elections may have the same remedied by the courts, Id. § 5. Inspectors of election must take an oath, § 7. If no election is held at the prescribed time, it must be held within sixty days and no intervening transfers are to change the right to vote, § 8. The above provisions

¹Cook on Stock and Stockholders and General Corporation Law, chapter xli.

²Id., chapter xli.

³Id., chapter xxx.

⁴Id., chapter xxxviii.

⁵Id., chapter xli.

⁶Id., chapter xli.

⁷Id., chapter xli.

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Id., chapter xli.
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are not applicable to moneyed corporations, § 11. Foreign corporations may hold land, p. 1737, ch. 450, L. 1887.¹ Transfer agents, in this state, of foreign corporations must exhibit the transfer book to stockholders, p. 1731, L. 1842, ch. 165.² "No corporation shall hereafter interpose the defence of usury in any action," p. 1732, L. 1850, ch. 172. Domestic corporation may purchase land in another state, or stock in land companies therein, so far as such land is needed for its business, p. 1733, L. 1872, ch. 146. The issue of new certificates in case of loss of the old ones is regulated by statute, p. 1734, L. 1873, ch. 151. The purchasers of corporate property and franchises at a foreclosure sale may incorporate themselves and exercise and have all the rights and privileges of the old corporation, p. 1735, L. 1873, ch. 469, L. 1880, ch. 113. Foreign corporations may so purchase, p. 1736, ch. 158, L. 1877. Corporations may increase their capital stock, p. 1733, or decrease it, p. 1736. Where elections are not held and officers hold over, the stockholders have various remedies, p. 1725, L. 1885, ch. 489. "When an action is brought by a creditor of a corporation, and the stockholders, directors, trustees, or other officers, or any of them, are made liable by law, in any event or contingency, for the payment of his debt, the persons so made liable, may be made parties defendant, by the original or by a supplementary complaint; and this liability may be declared and enforced by the judgment in the action," Code of Civ. Pro., §§ 1790-1796.³

The usury laws do not apply to demand loans of over \$5,000, where certificates of stock are given as collateral security, ch. 237, L. 1882. Corporations shall pay their employes in cash and not in store orders, ch. 381, L. 1889.

Taxation.⁴—Before obtaining a charter a license fee to the state of one-eighth of one per cent of the capital stock must be paid, p. 1159, ch. 143, L. 1886. Except in the case of banks, Id. ch. 248, L. 1887. The fee must be paid also upon increasing the capital stock, p. 1159. Shares of stock in corporations liable to taxation on their capital are exempt from taxation, R. S., 8th ed., p. 1084, § 7. All domestic corporations and foreign corporations doing business in the state, except savings banks, institutions for savings, life insurance companies, insurance companies, banks and foreign insurance companies, and manufacturing and mining companies doing business in this state, not including gas or trust companies, shall pay to the state an annual tax of a quarter of a mill on the par value of the stock for each one per cent dividend declared, during the year, if it be a six per cent

¹Cook on Stock and Stockholders and General Corporation Law, chapter xli.
²Id., chapter xxx.
³Id., chapters xi. and xli.
⁴Id., chapter xxxiv.

dividend or over. If less than six per cent then the tax is a mill-and-a-half on the actual value of all the shares of stock. In the latter case, the assessed value of the real estate within the state to be deducted, but no deduction is to be allowed for debts, p. 1152, L. 1881, ch. 361, amending L. 1880, ch. 542, amended by L. 1885, ch. 359, and see Amendment, ch. 353 and ch. 193, L. 1889. Only such part of the value of the capital stock shall be taxed as is employed within the state, ch. 501, L. 1885. Manufacturing or mining corporations carrying on their work in the state do not pay any state tax, p. 1153, ch. 359, L. 1885. Domestic corporations doing business elsewhere are taxed only on the capital used in the state, § 11. Banks pay a state and local tax, which is levied on the shares of stock and deduct the same from dividends or the stock may be sold, or a lien allowed to rest upon it. The bank pays also a tax on its real estate, pp. 1580 etc., ch. 409, L. 1882, §§ 312-327. The state also taxes the real estate of corporations as it does the real estate of individuals, p. 1155, ch. 361, L. 1881, § 8. In addition to all this, all corporations transporting freight or passengers, also telegraph and telephone companies, shall pay a tax of one-half of one per cent of its gross earnings in this state, Id. § 6. Real estate of corporations are taxed where it lies, but the personal property and capital stock are taxed where the principal place of business is, R. S., 8th ed., p. 1149. The above provisions for state taxes and exemptions from taxation do not apply to taxes levied by the municipalities. In New York city, where the municipal tax is about two per cent on a sixty per cent valuation, and the state tax is not over one-half of one per cent, the importance of the municipal tax becomes apparent, See *People v. Davenport*, 91, N. Y., 574 (1883). A valuation of the capital stock is obtained by deducting from the actual value of its capital stock and surplus exceeding ten per cent of the capital, the value of real estate and shares of stock owned by the corporation, p. 1086, ch. 456, L. 1857.

§ 28. **NORTH CAROLINA. Constitutional Provisions.**—Corporations are to be created by general laws, except for purposes that cannot be so attained, Art. VIII., § 1.

Miscellaneous Corporations.—Three or more may incorporate for any lawful business, Code § 677. Dividends are prohibited when the debts exceed two-thirds of its assets, § 681. Contracts incurring a corporate liability of over \$100 shall be in writing and sealed, with the corporate seal or signed by an authorized officer, § 683. The following provision also exists: 'It shall be the duty of the attorney general to bring an

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action in the superior court of the county, as in this Code directed, to restrain by injunction, any corporation from assuming or exercising any franchise, or transacting any business not allowed by its charter; to restrain any person from exercising corporate franchises not granted; to bring directors, managers and officers of a corporation, or the trustees of funds given for a public or charitable purpose, to an account for the management and disposition of the property confided to their care; to remove such officers or trustees upon proof of gross misconduct; to secure for the benefit of all interested, the property or funds aforesaid; to set aside and restrain improper alienations thereof, and generally to compel the faithful performance of duty, and present all malversation, speculation and waste. And in case of fraud by the president, directors, managers or stockholders in any corporation, the court shall render personally liable to creditors and others injured thereby, such of the directors and stockholders as may have been concerned in the fraud," Id. § 686. The articles of incorporation may be amended, ch. 19, Laws of 1885.

Railroads.—Twenty-five or more may incorporate, Code § 1932. Stock must have been owned thirty days in order to be voted, § 1936. Directors are to be stockholders, and corporate books and records are to be open to inspection at elections if a majority of the stockholders present so desire, § 1936. Stockholders are liable to laborers for thirty days' wages, § 1940. Rates may be reduced when an examination by the state auditor shows that the profits exceed six per cent of the capital actually expended, § 1961.

General Provisions.—No company, except railroad, manufacturing, mining or water works companies, shall own in fee over three hundred acres of land, nor hold a longer term than thirty years, § 666.

Taxation.—By ch. 177, Laws 1885, resident owners of shares of stock are required to list them for taxation. Corporations are taxed on their personalty at the principal place of business. Shares of stock in banks are taxed and the tax paid by the bank. "Stockholders in valuing their shares may deduct their ratable proportion of the value of taxable property, the tax whereof is paid by the corporation." Railroads and transportation companies are assessed by a state board, and the assessment apportioned to the proper municipalities. A registry of transfer is prohibited after notice is given to the corporation of non-payment of the tax. The corporation may pay the stockholder's tax and deduct the same from the dividend thereon. A fee of \$25 is charged for recording the articles of association, Code § 678. Also a fee of \$2, § 680. Railroad corporations must pay a license fee of \$50 to the secretary of state in order to obtain a charter, § 1933. Also a fee:

of \$25 if a special charter is sought, ch. 33, L. 1885. Or an amendment, ch. 36 and 93, L. 1885.

By ch. 135, L. 1887, all limitations and exemptions of private corporate property from taxation are repealed and all are made subject to taxation.

Cashiers of banks shall pay the tax on shares of stock.

Bank stock is assessed in the county of the bank for school and county purposes only.

All existing exemptions of corporations from taxation are repealed L. 1889, p. 180.

Shares of stock are taxed and the corporation pays the tax, L. 1889, p. 197.

§ 29. **NORTH DAKOTA.**—In February, 1889, by act of Congress, the territory of Dakota was divided and admitted into the Union as North Dakota and South Dakota. In August, 1889, the constitutional convention of North Dakota submitted to the people for adoption a constitution in which appear the following provisions:

Constitutional Provisions.—No special privilege or immunities shall ever be granted which may not be altered, revoked or repealed by the legislative assembly, Art. I., § 20. No special or local law shall be passed granting to any corporation, association or individual the right to lay down railroad tracks, or any special or exclusive privilege, immunity or franchise whatever, Art. II., § 69. Charters shall be granted only by general laws and are subject to alteration or repeal, Art. VIII., § 131. Cumulative voting at elections is provided for, Id. § 135. A foreign corporation cannot do business in the state unless it has an office and an agent in the state upon whom process may be served, Id. § 136. "Watered" stock and bonds are to be void. An increase of stock or bonds can be made only after a majority in interest of the stockholders assent thereto at a meeting called on a sixty days' notice, Id. § 138. Street railroad, telegraph, telephone and electric light plant shall be put into a town or city only after the local authorities controlling the streets assent thereto, Id. § 139. Domestic railroad corporations doing business in the state must keep in the state a public office for the transaction of its business where transfers of its stock shall be made and where books shall be kept open to public inspection, giving the amount of capital subscribed, the subscribers, the stockholders, the amount of stock owned by each, the amount of subscription paid in, transfers of stock, the amount of corporate assets and liabilities, and the names and residences of the officers. Annual reports must be made by the directors to the state,

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Id. § 140. Consolidations of competing or parallel lines are forbidden. Sixty days' notice of meetings called to effect a consolidation must be given, Id. § 141. The rates charged by railroad, sleeping car, telegraph, telephone and transportation companies may be reduced by the state, subject to a review of the reduction by the courts, Id. § 142. "Any combination, between individuals, corporations, associations, or either having for its object or effect the controlling of the price of any product of the soil or any article of manufacture or commerce, or the cost of exchange or transportation, is prohibited and hereby declared unlawful and against public policy" and the charters of corporations entering into such "shall be deemed annulled and become void," Id. § 146. The legislature may allow a railroad to pay to the state a percentage of its "gross earnings" in lieu of all state, county, township and school taxes on its property including its road bed, right of way, shops, buildings and other property used in its common carrier business, Art. XI., § 176. Otherwise a state board is to assess the railroad and apportion it for taxation among the municipalities through which it runs, Id. § 179. The right of taxation shall not be surrendered or suspended by the state or any municipality, Id. § 178. Neither the state nor any municipality "shall loan or give its credit or make donations to or in aid of any corporation, nor subscribe to or become the owner of any association or corporation," but the state on a two-thirds vote of the people, may engage in a work of internal improvement, Art. XII., § 185. "The exchange of 'black lists' between corporations shall be prohibited," Art. XVII., § 212.

Miscellaneous Corporations.—By the constitution of August, 1889, the territorial statutes of Dakota are continued in force until they may be changed by the new state. These statutes, so far as they relate to corporation law, are given in § 35 *infra*, under the heading, South Dakota.

§ 30. **OHIO. Constitutional Provisions.**—The state shall not give or loan its credit to, nor take stock in any corporation, Const. of 1851, Art. VIII., § 4. The general assembly is forbidden to authorize municipalities to aid any corporation, Art. VIII., § 6. Joint stock companies and stock shall be taxed, Art. XII., § 2. Banks and bank investments shall be taxed, Id. § 3. Special acts of incorporation are prohibited, Art. XIII., § 1. "In all cases, each stockholder shall be liable, over and above the stock by him or her owned, and any amount unpaid thereon, to a further sum, at least equal in amount to such stock," Id. § 3.¹ "The property of corporations, now existing or hereafter created, shall forever be subject to taxation, the same as the

¹ Cook on Stock and Stockholders and General Corporation Law, chapter xii.

property of individuals," *Id.* § 4.¹ Acts authorizing banking corporations must first be submitted to and approved by a vote of the people, *Id.* § 7.

Miscellaneous Corporations.—May be formed for any legal purpose, except for dealing in real estate or for professional business, R. S. 1886, § 3235. A majority of the incorporators must be citizens of Ohio, § 3236. Ten per cent of each share subscribed for must be paid in at the time of subscribing, § 3243. Fifty per cent of the capital stock must be subscribed and ten per cent paid in before the charter is granted. Incorporators are liable for any deficiency as to the ten per cent, § 3244. No stock can be voted on which an installment is due and unpaid, § 3245. Articles of association may limit each stockholder to one vote, irrespective of the amount of stock held by him.² In such a case no one can own over \$1,000 par value of stock. Annual reports shall be made by the directors, under a penalty. By-laws distributing the profits among workmen, etc., shall be legal, Act of March 19, 1884, R. S. Suppm't, p. 215. A majority of the directors must be stockholders and citizens of Ohio.³ Receivers must also be citizens, § 3248. Directors may make the by-laws, § 3250. All paid-up stock is subject to levy of execution, § 3255. The corporation may borrow money, not exceeding the amount of its capital stock,⁴ and give its note, bond and mortgage therefor, § 3256. On a vote of three-fourths of the stockholders, representing three-fourths of the capital actually paid in, bonds may be issued not exceeding⁵ one-half the value of the capital stock actually paid in, such bonds to be convertible into stock, common or preferred, § 3257. Stockholders are liable to corporate creditors for the par value of their stock in addition to the unpaid subscription. The unregistered owner also is so liable, §§ 3258, 3259.⁶ An action to enforce this liability must be for all creditors, against all stockholders, § 3260. Three-fourths of all the stockholders, representing three-fourths of the stock, may authorize the issue of preferred stock, § 3263. The corporation must furnish each stockholder, annually, a statement of its financial condition and a list of the stockholders and their residence, § 3268. One-fifth in interest of the stockholders in a manufacturing corporation, not profitable, may force a dissolution, § 5673. Net profits available for dividends are ascertained by deducting all ordinary and extraordinary expenses paid or incurred in the management of the corporate affairs or the transaction of its business; interest paid, due or accrued on corporate debts; losses, including debts due upon which

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxxiv.

²*Id.*, chapter xxxvii.

³*Id.*

⁴*Id.*, chapter xli.

⁵*Id.*

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no interest has been paid for a year and no suit brought thereon, or upon which suit has been brought and no interest paid for two years. Only the capital stock actually paid in shall be advertised, L. 1889, p. 228.

Railroads.—Are incorporated under the above provisions. A change of route renders the company liable to suits for damages and to cancellation of subscriptions, § 3276. May issue bonds for certain specified purposes,¹ and secure the same by mortgage, § 3286. May open transfer books in other states, § 3291. Stockholders voting must have been such for thirty days previous to the election, § 3296. A railroad may aid, purchase, lease or make a traffic contract with a connecting line, § 3300. But only on a two-thirds vote of all the stock of each company, and any rental must be equal to the net earnings of the preceding year, § 3301. Dissenting stockholders must be bought out and paid the value of their stock, § 3302, etc. The liabilities of the lessor and lessee are defined, § 3305, Act of April 13, 1883. Preferred stock may be issued when the capital stock is increased, § 3309. A record of all proceedings shall be kept in the state and be "open at reasonable hours for the inspection of any stockholder of the company," § 3312.² "All capital stock, bonds, notes, or other securities of a company, purchased of the company by a director thereof, either directly or indirectly, for less than par value thereof, shall be null and void." "The directors shall be liable in their individual capacity to the stockholders for any damage sustained by the stockholders by reason of the negligence, mismanagement, or unfaithfulness in the discharge of their duties; but a director may exonerate himself by entering his protest upon the record against any act done without his concurrence, from which injury is feared, and forthwith publishing the same for three weeks in some newspaper printed and of general circulation in the county in which is the principal office of the company," § 3314. No stockholder in an express or transportation company shall hold office in a railroad company, § 3315. Consolidations are authorized on a two-thirds vote of the stock voted at a meeting called for that purpose, § 3381. "A stockholder who refuses to convert his stock into the stock of the consolidated company shall be paid the highest market value of such stock at any time within six months next preceding the time of the making of such agreement for consolidation by the directors, if, previous to such consolidation, he so require . . ." §§ 3388, etc. Reorganization agreements are regulated: two-thirds in interest of the creditors and two-thirds in interest of the stockholders may agree

¹ Cook on Stock and Stockholders and General Corporation Law, chapter xli.

²*Id.*, chapter xxx.

on a plan of reorganization ; the court may then order a sale and the committee may purchase ; a meeting is then called ; any creditor or stockholder may come in on the reorganization within a year after such meeting ; the new corporation has all the powers, etc., of the old, and also additional powers, §§ 3393-3398. Foreign corporations may do business in the state, § 3399. Recapitalization without foreclosure is provided for on a two-thirds vote of the bondholders, general creditors and stockholders. Those not coming in within six years after publication are barred out, unless they were under disability, §§ 3401-3408. The sale of an unfinished road is authorized. Dissenting stockholders are protected, §§ 3409-3414. The purchasers of a railroad at a foreclosure sale may succeed to the old corporate franchise on the consent of the directors and two-thirds of the stock, § 3419. Or may organize a new corporation, § 3426. See also Act of March 11, 1880, R. S. Suppm't, pp. 225, 226. A railroad commissioner is given power to investigate and report, R. S. 1886, p. 53, ch. 7.

Contracts relating to the use, sale, etc., of rolling stock or other personal property by a railroad, must be filed with the secretary of state, L. 1889, p. 255.

Taxation.¹—For filing a certificate of incorporation, a fee must be paid to the secretary of state varying from \$5, where the capital stock is \$5,000 or less, to \$200 when the capital stock is over \$1,000,000, R. S. Suppm't, § 148, amended L. 1886, p. 165. Shares of stock are taxed, §§ 2731-2737. They are assessed at their actual value, § 2739. All corporations, unless otherwise specifically taxed, are taxed on their realty where it lies and on their personalty by municipalities in proportion to the value of the realty therein to the whole realty in the state, § 2744. Shares of stock are not taxed if the capital stock is taxed against the corporation, § 2746. Bank stock is taxed, at its actual value, in the municipality where the bank is located, § 2763. Bank realty is taxed where it lies, § 2763. Railroad property, real and personal, is assessed by a board and apportioned among the municipalities through which the road runs, §§ 2770-2776, see also Act of April 27, 1885. Bank taxes may be paid by the bank and deducted from the dividends. The tax is a lien on the stock, §§ 2839, 2840. A railroad running into another state is taxed only on the proportion of the road and rolling stock in the state, § 3387. Foreign insurance companies are taxed on their gross receipts from premiums, L. 1888, p. 183.

§ 31. OREGON. Constitutional Provisions.—No bank of issue shall be incorporated, Art. II., § 1. Corporations can be created only by

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxxiv.

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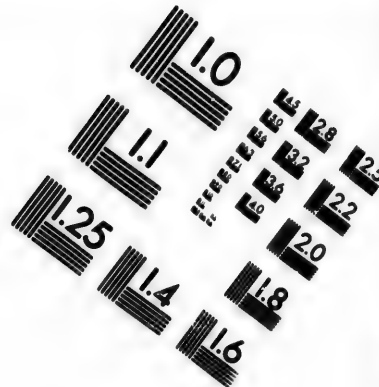
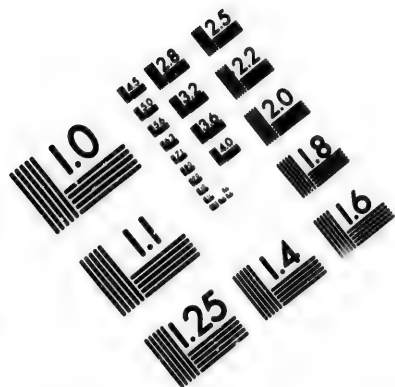
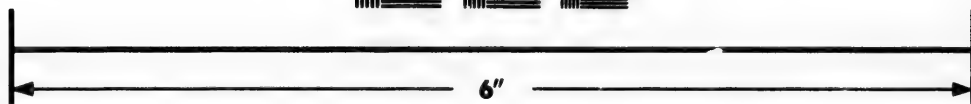
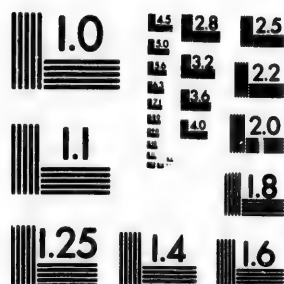


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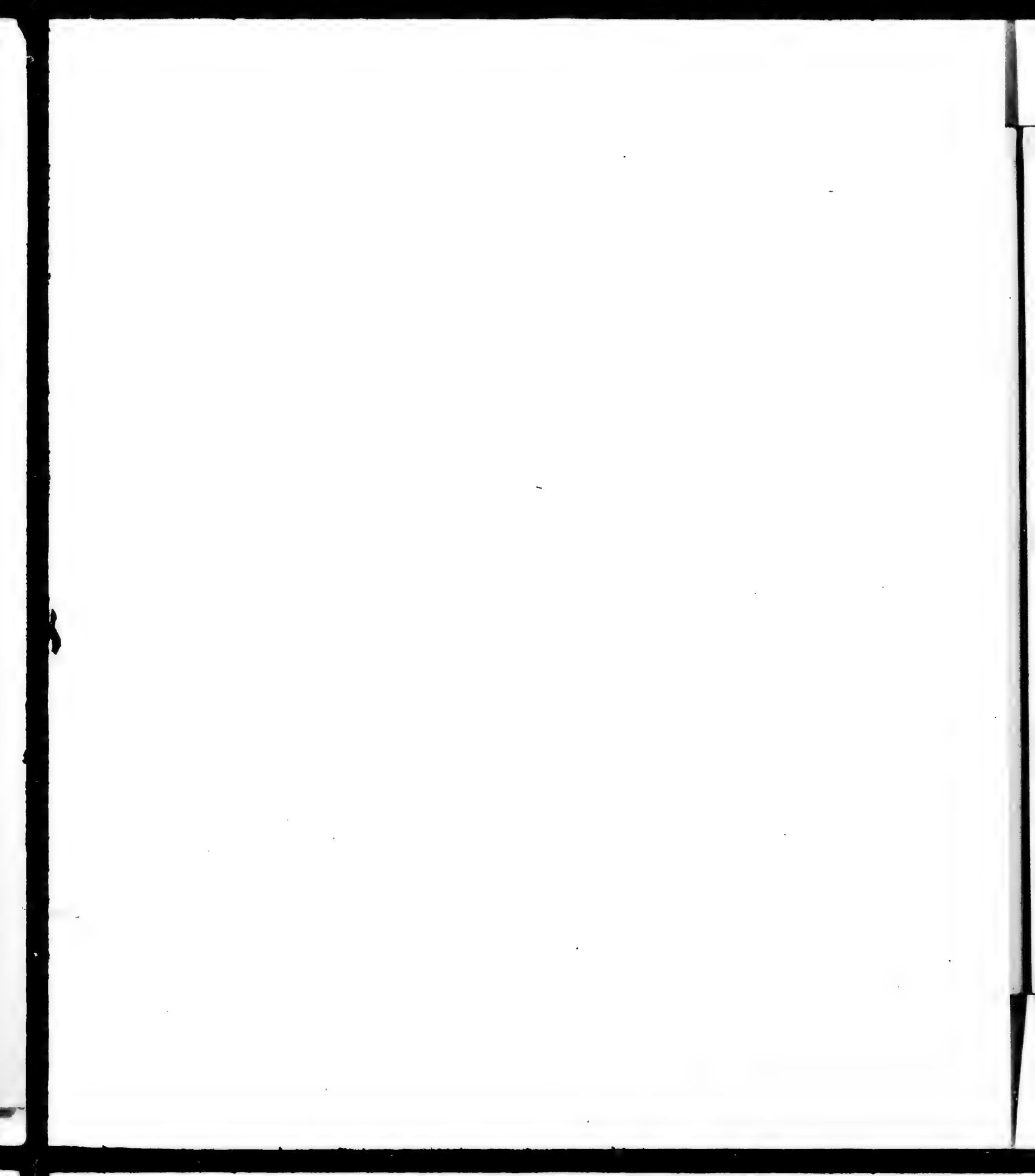
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general laws, Id. § 2. Stockholders shall be liable on their subscriptions, but no farther, Id. § 3. The state shall not be interested in the stock of corporations, Id. § 6. Municipalities shall not aid or be interested in corporations, Id. § 9.

Miscellaneous Corporations.—Three or more persons may incorporate for any lawful enterprise, business, pursuit or occupation, Gen. Stat. 1887, § 3217. The incorporators need not be stockholders. Railroads are incorporated hereunder, Id. notes. Articles are to be filed with the secretary of state and county clerk, § 3218. May hold real estate necessary and convenient and to aid the objects of the corporation. May make a by-law for the sale, without judgment or execution, but on thirty days' notice, of delinquent stock. Railroad corporation may lease, purchase or operate other lines not competing, § 3221. Each share is entitled to one vote, but after the first election shares shall not be voted unless all installments due are paid, § 3223. Directors must be stockholders and residents and must take an oath; but corporations "incorporated for the purpose of constructing railroads, or military wagon roads, canals or flumes, or carrying on mining enterprises within or without the state, or publishing newspapers or conducting institutions of learning in this state, may permit a minority of the board of directors to reside out of this state," § 3224. The stock book is to be kept open to inspection, § 3228. Stock is subject to attachment and execution, § 3229. The assignee of unpaid stock is liable for any unpaid balance thereon, but the seller is still liable to existing creditor for the said balance if the buyer does not pay, § 3230. Directors are made personally liable in case of their wrongdoing, § 3231. Corporations must organize within one year. Non-user for six months thereafter is fatal, § 3232. A majority stock vote may increase or diminish the capital or dissolve the corporation, § 3235. Directors may file supplementary articles to engage in a cognate business upon the consent of three-fourths of the stock, or to engage in a new enterprise upon the consent of seven-eighths of the stock, § 3238. Foreign corporations for fire and marine insurance, brokerage and express business must give six months' public notice of their intention to cease business, § 3273. They must file a designation of an attorney, a resident citizen of state and the United States to accept service before doing business, §§ 3276, 3277. And must deposit \$50,000 with the state treasurer as security for claims and demands of persons doing business with such companies in the state, § 3568. Any surety company with paid-up capital of \$500,000 may transact business in the state upon compliance with these conditions, § 3279. Foreign life insurance companies shall pay \$100 annually to the state treasurer, § 3290. Foreign railroad corporations leasing a

domestic railroad must execute an agreement with the state of Oregon that all suits of such lessor with citizens of Oregon shall be carried to final determination in the courts of the state or in the federal courts; and the state reserves the right to regulate rates on such leased lines and make proper police regulations, § 3293.

Taxation.—Personal property of private corporations is assessed and taxed in the county where the principal office is located. The rolling stock of railroads is assessed in the county of the principal terminus or depot, except where one terminus or any depot is in the same county as the principal office. The personal property of any corporation may be sold for any tax, § 2744. Railroad companies must have a principal office in the state, § 2745. A railroad agent must furnish a sworn statement of all property, and this is then apportioned to the several counties, § 2746. Stock is not taxed to the owner where the capital is taxed against the company, § 2750. The real estate of corporations is assessed in the county where it lies, like that of individuals, § 2739. Shares of banks located in the state are taxed against the owners where they reside. Non-resident owners are taxed on their shares at the place where the bank is and the tax is a lien upon such shares, § 2734. The fees of the secretary of state for filing articles of incorporation are \$2.50, § 2337. Shares of stock are taxed; also such part of the capital stock as is liable to taxation and is not invested in real estate, Id. § 2731.

§ 32. **PENNSYLVANIA. Constitutional Provisions.**—The constitutional provisions of this state, relative to corporations, may well serve as models for other states. On account of this transcendent merit, they are given at some length. No local or special law shall create corporations, or grant to them any special or exclusive privilege or immunity, or to corporations the right to lay down a railroad track, Art. III., § 7. The general assembly shall not authorize guardians, executors, trustees, etc., to invest trust funds in stock or bonds of private corporations, Art. III., § 22. Exemptions from taxation, with certain exceptions, are void, Art. IX., 2. "The credit of the commonwealth shall not be pledged or loaned to any individual, company, corporation or association; nor shall the commonwealth become a joint owner or stockholder in any company, association or corporation," Art. IX., § 6. "The general assembly shall not authorize any county, city, borough, township or incorporated district to become a stockholder in any company, association or corporation, or to obtain or appropriate money for, or to loan its credit to any corporation, association, institution or individual," Art. IX., § 7. "All existing charters, or grants of special or exclusive privileges, under which a *bona fide* organization shall not have taken place,

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ons.—The constitu- ns, may well serve as ndent merit, they are create corporations, or immunity, or to Art. III., § 7. The cutors, trustees, etc., corporations, Art. III., tions, are void, Art. not be pledged or association; nor shall holder in any com- 6. "The general rough, township or any company, asso- money for, or to loan or individual," Art. al or exclusive priv- ot have taken place,

and business have commenced in good faith, at the time of the adoption of this constitution, shall thereafter have no validity," Art. XVI., § 1. "In all elections for directors or managers of a corporation, each member or shareholder may cast the whole number of his votes for one candidate, or distribute them upon two or more candidates as he may prefer," Art. XVI., § 4.¹ "No corporation shall engage in any business other than that expressly authorized in its charter;² nor shall it take or hold any real estate, except such as may be necessary and proper for its legitimate business," Art. XVI., § 6. "No foreign corporations shall do any business in this state without having one or more known places of business, and an authorized agent or agents in the same, upon whom process may be served," Art. XVI., § 5.³ "No corporation shall issue stocks or bonds except for money, labor done, or money or property actually received; and all fictitious increase of stock or indebtedness shall be void.⁴ The stock and indebtedness of corporations shall not be increased except in pursuance of general law, nor without the consent of the persons holding the larger amount in value of the stock first obtained, at a meeting to be held after sixty days' notice given in pursuance of law," Art. XVI., § 7. The right to alter, revoke or annul charters is reserved, Art. XVI., § 10. Consolidation, etc., of competing telegraph lines are prohibited, Art. XVI., § 12. The transfer book and the names and amount of stock owned by stockholders shall be open to the inspection of stockholders and corporate creditors, Art. XVII., § 2.⁵ "No railroad, canal or other corporation, or the lessees, purchasers or managers of any railroad or canal corporation shall consolidate the stock, property or franchises of such corporation with, or lease, or purchase the works or franchises of, or in any way control, any other railroad or canal corporation, owning or having under its control, a parallel or competing line; nor shall any officer of such railroad or canal corporation act as an officer of any other railroad or canal corporation, owning or having the control of a parallel or competing line; and the question whether railroads or canals are parallel or competing lines, shall, when demanded by the party complainant, be decided by a jury, as in other civil issues," Art. XVII., § 4.⁶ Common carriers shall not engage in manufacturing or mining, nor in any other business. But mining and manufacturing companies may have a railroad or canal not over fifty miles in length, Art. XVII., § 5. "No president, director, officers, agent or employe of any railroad or canal company shall be interested, directly or indirectly, in the furnishing of material or supplies to such

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxxvii.

²*Id.*, chapter xl.

³*Id.*, chapter xli.

⁴*Id.*, chapter iii.

⁵*Id.*, chapter xxx.

⁶*Id.*, chapter xix. and xl.

company, or in the business of transportation as a common carrier of freight or passengers over the work owned, leased, controlled or worked by such company," Art. XVII., § 6.¹ "No railroad, railway or other transportation company shall grant free passes, or passes at a discount, to any person except officers or employes of the company," Art. XVII., § 8.

Miscellaneous Corporations.—May be formed for various purposes specified in the statute, including the buying and selling of real estate, See Brightley's Purdon's Digest, 1883, pp. 335, etc.² Incorporators to be five or more, three of whom, at least, must be residents, p. 337. The certificate must state that ten per cent of the capital stock has been paid in cash. The certificate must be approved by the governor in case of business corporations; by county judge in other cases. The charter may be perpetual, subject to repeal. A fee of \$5 is charged by the secretary of the commonwealth for receiving the certificate, Id. p. 338. Corporations must register with the auditor general under a penalty of \$500, p. 338, § 12. The charter may be amended on the approval of the same persons that approved of the charter, p. 340. By-laws shall be made by the stockholders unless the charter prescribes otherwise. Transfers of stock subject both the transferer and transferee to liability for the unpaid subscription, p. 341. Invalid elections may be set aside by the courts. The capital stock is limited to \$1,000,000, p. 342. Cumulative voting is to prevail, p. 342, § 28.³ Notes or obligations by the stockholder shall not be held to be payment of subscription. Corporations shall not purchase the stock of other corporations.⁴ Preferred stock may be issued on a majority vote of the stockholders. Stock may be issued for property. Deferred stock may be issued to receive dividends after the dividends on all other stock, p. 343. An increase of indebtedness is legal only upon a majority vote of the stockholders.⁵ May borrow and give mortgage for an amount not over half of the capital stock paid in, unless otherwise provided, p. 344.⁶ Amended so as to allow certain corporations to issue bonds to double the amount of their paid-in capital, L. 1889, p. 237. Stockholders are liable "to the amount of stock held by each of them" for work or labor done for the corporation.⁷ An action to enforce this liability may be at law or in equity, against one or more stockholders, Brightley's Purdon's Digest, p. 345. Suit must be brought within six months after the claim is due, p. 346. The capital stock of corporations for dealing in real estate is limited to \$600,000, p. 347. Annual elections of officers must

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxxix.

²Id., chapter xii.

³Id., chapter xxxvii.

⁴Id., chapter xix.

⁵Id., chapter xii.

⁶Id., chapter xii.

⁷Id., chapter xii.

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¹Id., chapter xix.

²Id., chapter xii.

be held in the state, but other stockholders' meetings and directors' meetings may be held out of the state if a majority of the stockholders or directors reside out of the state, p. 352. May invest surplus earnings in its own stock. A majority of the directors and officers must be residents¹ of the state. They may vary in number from five to fifteen, p. 353. Foreign corporations, before doing business in the state, must file a certificate and designate an agent.² Penalty exists for not so doing. Foreign corporations shall not hold real estate in the state, absolutely or by a trustee, unless specially authorized by the state so to do.³ But certain manufacturing corporations may hold 100 acres of land, p. 361. Foreign corporations may incorporate under the laws of the state upon renouncing their foreign charter, p. 362. Iron manufacturing companies are not limited as to the quantity of land they may hold, Id. Suppm't, p. 2225, Act May 24, 1887. Stock is personal property and not transferable until all previous calls are fully paid. Funds are not to be invested in the stock of other corporations except to secure debts, Act May 25, 1887, Brightley's Purdon's Digest, Suppm't, 2173. Other corporations may hold the stock and bonds of iron and steel companies, and *vice versa*; but no corporation can hold a majority of the stock of a railroad or other common carrier. Act June 17, 1887, Brightley's Purdon's Digest, Suppm't, 2173, 2174. Foreign corporations doing business in the state may purchase real estate at a judicial sale, but must sell and convey it within ten years, Act May 23, 1887, Brightley's Purdon's Digest, Suppm't, 2174. As to sale of franchises, see Brightley's Purdon's Digest, Suppm't, 2174, 2175. The real owner of stock is to be allowed to vote it either in person or by proxy, L. 1889, No. 108. Foreign corporations doing business in the state must file a certificate under a penalty of \$500, L. 1889, No. 332.

Other Miscellaneous Corporations.—The general corporation laws do not provide for mercantile corporations, but these are practically incorporated by means of "partnership associations" under the Act of June 2, 1874. They are a kind of joint stock companies, and have been so developed by use and later acts that they are now essentially corporations. Three or more persons may form an association to conduct any lawful business within the United States or elsewhere. The principal office shall be in this state. The capital shall alone be liable for debts of such associations. A statement of certain essential facts is to be signed, acknowledged and recorded in the county. The duration may be twenty years. The liability of members is for unpaid subscriptions only, unless the word "limited" is omitted from the association name.

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxxvii.

²Id., chapter xii.

³Id.

in which case they are individually liable. There shall be from three to seven managers elected at annual meetings. The association is not bound by any liability over \$500 unless it is reduced to writing and signed by two managers. The credit and capital are not to be loaned to any member nor to any other person or association without the written consent of a majority of its members in number and value.¹ The capital may be paid in real or personal property, Brightley's Purdon's Digest, pp. 937, 939, see *Van Horn v. Corcoran*, 18 Atl. Rep. 16, Pa. 1889. By Act of June 25, 1885, stock in such partnership associations (which must be distinguished from limited partnerships proper provided for in Act of 1836, see Brightley's Purdon's Digest, pp. 1070 *et seq.*) are declared personal property capable of transfer, but not entitling the transferee to membership except upon the consent of a majority of the members in number and value. When not accepted the transferee is paid the value of his interest at the time of the transfer, Brightley, Suppm't, p. 2228. The salaries of the president, secretary and treasurer, after five years, shall not exceed the profits of the preceding year unless two-thirds of the stockholders consent, L. 1889, No. 208.

Railroad Corporations.—At annual meetings the stockholders may perform any corporate act. Special meetings are to be called by the president on the request of one-tenth in interest of the stock. The president and directors are to exercise the corporate powers, Act June 25, 1885, Brightley's Purdon's Digest, Suppm't, p. 2377. Nine or more citizens of the state may incorporate a railroad company, Brightley's Purdon's Digest, 1883, p. 1414. At the time of subscribing, ten per cent in money is to be paid in. A majority of the directors [six to twelve] must be citizens of the state, Id. p. 1415.² The articles must be subscribed, acknowledged and filed with the affidavits of at least three directors that the required amount of stock has been subscribed and one-tenth actually paid in, Id. pp. 1414, 1415. The president and directors may borrow money and issue bonds not exceeding the capital stock, nor double the paid-up capital, ³p. 1416. The issuance of stock for money, except at par value⁴ paid in cash is forbidden, and the issuance for labor done or property received is strictly limited and prescribed. Bonds, etc., are not to issue until the full capital stock is paid in, nor for less than the fair market value, Act May 7, 1887, Brightley's Purdon's Digest, Suppm't, p. 2378. Five dollars per share is to be paid to the commissioners at the time of subscribing, in addition to the ten per cent., Id. *supra*, p. 1417. The president must be a resident of the state, p. 1418.⁵ Shares transferred

¹ Cook on Stock and Stockholders and General Corporation Law, chapter xli.

²*Id.*, chapter xxxvii.

³*Id.*, chapter xli.

⁴*Id.*, chapter iii.

⁵*Id.*, chapter xxxvii.

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within sixty days preceding an election give no vote to the holder. The transferer and transferee of stock are liable for unpaid subscriptions, p. 1419. Stockholders in arrears cannot vote. Forfeiture of stock does not relieve the stockholder from the liability. At annual meetings the officers must make reports. The state may revoke a charter and take the road for its own use on payment of compensation to the stockholders, p. 1420. Railroads and canal companies must maintain an office within the state with stock books, etc., p. 1421. May execute mortgages to secure their bonds, p. 1422. A railroad may purchase a connecting line at a foreclosure sale, p. 1423. Connecting lines may consolidate, p. 1429. A majority may effect the consolidation, but the dissenting stockholders must be paid the actual market value of their stock, p. 1430. In case a stockholder objects to a consolidation he may apply to a court, have the value of his stock appraised and compel payment from the company, *Id.* A majority of the directors and the president must be residents. Elections must be held in the state, *Id.* p. 1437. Every railroad must make an annual report on its affairs to the auditor general, *Id.* p. 1438. A railroad may own stocks and bonds of other railroads and may lease them. May guarantee bonds of other lines. May lease other lines, *Id.* p. 1439, 1441. The real owner of stock is to be allowed to vote it either in person or by proxy, L. 1889, No. 108.

Issue of stock and bonds upon a consolidation of railroads regulated, L. 1889, No. 223.

Foreign corporations doing business in the state must file a certificate under a penalty of \$500, L. 1889, No. 332.

Street railroad act, L. 1889, No. 227.

Banks.—Banking companies may be incorporated by three or more. Notice of application must be published for three months. Articles to be approved by the attorney general and filed with the certificate with the auditor general. Letters patent then issue. The capital stock must be not less than \$50,000. Stockholders' liability is for the amount of their stock at par in addition to the par value thereof. Before commencing business fifty per cent of the capital must be paid in and thereafter ten per cent per month. Every one of (at least five) directors must be citizens of the United States and of Pennsylvania and must hold at least ten shares of stock. Loans to a director must not exceed ten per cent of the capital stock paid in. Gross loans to all officers must not exceed twenty-five per cent of the same. The bank has a lien on shares for all dues. No loans to be made on stock. The bank must not hold its own stock except to secure debts. Not to pay interest on call deposits, Act of 13th May, 1876. The last mentioned act re-

peals everything inconsistent therewith Under the acts existing at that time (1876) were the following provisions: No person shall be director of any two banks at the same time, nor shall the governor, the executive or judicial officers of the state, or city or county treasurers, or members of state legislature, be directors, Brightley's Purdon's Digest, 1883, p. 160. No person shall be director more than three years out of four, except the president, Id. p. 161. Officers cannot vote proxies. Cashiers cannot engage in other occupations, Id. p. 162. Books, etc., must always be open to directors and open to stockholders at general meetings, Id. p. 164. The total liabilities shall not exceed three times the capital stock, Id. p. 172. Savings bank, L. 1889, No. 236.

Taxation.—Miscellaneous corporations, including manufacturing and mining corporations, must pay to the state for the charter one-fourth of one per cent of the capital stock, one-half to be paid upon incorporation, one-half a year after, Brightley's Purdon's Digest, 1883, p. 351, § 74. The same tax is paid upon any increase of the capital stock, L. 1889, No. 125. "Public loans or stocks" are taxable for state purposes three mills on the dollar. Banks and similar corporations may pay six mills on the dollar of the par value of all stock and then be exempt from all other taxes, except on land. The corporate treasurer paying interest to resident holders of corporate scrip, bonds or certificates of indebtedness must deduct three mills on the dollar and pay it to the state. The bank stock is assessed against resident holders at the place where they reside, in case the banks do not elect to pay six mills as *supra*. Manufacturing corporations are exempt from taxation, except those manufacturing gas or liquor, Act June 30, 1885, Id. Suppm't, pp. 2398 *et seq.* Mutual loan and building associations are exempt from the state tax, Act May 22, 1883. Corporate loans and stocks guaranteed by the state shall pay a tax, the amount of which shall be retained by the state and deducted from the payment of interest, Id. *supra* p. 1611, § 178. Taxes on the capital stock are paid by the corporation and deducted from dividends, or the stock may be sold. If the tax is not duly paid the directors become personally liable, p. 1611, § 181. All taxes are a lien and are paid first on a judicial sale, p. 1620, § 213. Domestic insurance companies are taxed eight-tenths of one per cent upon the gross amount of premiums, p. 1618, § 208. A tax of three per cent on the annual net earnings or income is also levied against certain banks for the use of the state. State banks shall pay a tax of one per cent on the par value of all shares of stock; the latter are then exempt from all other taxes, p. 1612. A statement of the corporate assets, copy of incorporating act, etc., must be registered in the auditor general's

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office before beginning operations, under a penalty of \$500, p. 1615. A tax of one-half mill for each one per cent of dividend declared is levied on the capital stock of all domestic and foreign corporations if they declare a six per cent dividend or over. If under six per cent, then a three mill tax is levied on the actual value of the capital stock, p. 1616, § 204. Manufacturing corporations manufacturing within the state are exempt from this particular tax, L. 1889, No. 332, § 21. Certain transportation and other *quasi* public corporations pay a tax also of eight mills on every dollar of gross receipts on business wholly within the state, Id. Formerly banks paid a tax of a percentage of the dividends, running from eight per cent on six per cent dividends to thirty per cent on dividends over twenty-five per cent, p. 173, Acts 1850, 1867. National bank stock is to be assessed at its actual value. Stock may be sold by attachment or by levy and sale for non-payment of tax. Bank cashiers shall pay a tax of one per cent on the par value of all shares of stock, thereby exempting the shares from all other tax. National bank shares shall pay the state a three mill tax on their actual value and pay also a local tax, pp. 173-174. Shares of stock are taxed unless the corporation is subject to a tax on its capital, L. 1889, No. 332, § 1. Banks may pay a six mill tax in lieu of other local taxation, outside of the tax on real estate. They also pay a three mill tax to the state, §§ 25, 26. In addition to the tax levied under Section I. of this act, a three per cent tax is levied on the annual "net earnings or income," § 27.

§ 33. **RHODE ISLAND. Constitutional Provisions.**—Any special act creating a corporation other than one for religious, literary, charitable, military or fire purposes must be introduced into the legislature and then wait until a subsequent election of members takes place before it is passed, public notice being given of its pendency, Art. IV., § 17.

Miscellaneous Corporations.—There seems to be no general act for the incorporation of such companies. The stockholders are jointly and severally liable for all debts until the capital stock is fully paid up and a certificate to that effect filed with the town clerk, Pub. Stat. 1882, p. 386. Officers not filing such certificate within ten days after the capital stock is paid up are liable for all corporate debts contracted thereafter and before the certificate is filed, Id. Stock cannot be paid for by the stockholder's note or obligation. Officers are liable for loans to stockholders, p. 387. Stock issued for real estate and machinery shall equal in its par value the value of the latter as valued by the tax assessor, Id. An annual report must be filed with the town clerk, p. 388. If the report is not filed, the stockholders are liable for corporate debts to

the extent of the par value of the stock in addition to the unpaid subscription, *Id.* Stockholder may avoid this liability by filing a sworn report or an affidavit that he cannot give it; that he has requested officers to make report and that they have not so made it, *Id.* Corporate debts are not to exceed the paid-up capital stock. Officers are liable for excess of debt, *Id.* Officers knowingly signing false certificates or reports are liable for corporate debts, p. 389.

Railroad Corporations.—There seems to be no general act for incorporation. Stockholders may "at all reasonable times examine the books, papers and accounts of the corporation," *Id.* p. 408. Railroads built without a charter or license from the general assembly are a public nuisance, p. 409.

Banks.—Stockholders are liable for corporate debts to the extent of the par value of their stock in addition to the amount invested therein, *Id.* p. 373, § 9. One-third in interest of the stockholders may call a corporate meeting, p. 374, § 12. Directors must be stockholders, citizens and residents, *Id.* § 16. A majority of the stockholders owning one-half of the capital stock may remove any or all directors and elect others, *Id.* § 18. Directors by vote may remove any officer appointed by them, *Id.* § 19. Stockholders may inspect all corporate books and accounts except individual accounts, *Id.* p. 375. Savings banks shall not make loans to officers, *Id.* p. 379, § 54. A bank must not be removed or an agency established elsewhere, *Id.* p. 374, § 11. Stock transferred within fifteen days of an election cannot be voted, *Id.* p. 374, § 13. Debts exclusive of actual deposits shall not exceed sixty-five per cent of the capital actually paid in and directors are liable for any excess, *Id.* p. 375, § 22. Three or more officers, stockholders or creditors may require an examination of the bank's affairs, *Id.* p. 377, § 39.

General Provisions.—Transfer books must be kept within the state and the transfer agent must be a resident of the state, *Id.* p. 370. Every domestic corporation must have an office and agent within the state, *Id.* Shares of stock may be attached or sold under levy of execution, *Id.* pp. 572, 616. By-laws may determine the number of shares that shall entitle the members to one or more votes, *Id.* p. 368, § 3. Foreign express or transportation companies must file a copy of their charter and make an official designation of a resident citizen to accept service, *Id.* p. 337. Foreign insurance companies must have \$100,000 capital; must file a copy of their charter and a designation of a resident citizen to accept service; and must make special and annual returns of the condition of their business, *Id.* pp. 400 *et seq.* Attachments and executions are not to precede unregistered transfers of stock, Laws 1888.

Taxation.—To obtain a charter a fee is charged of \$100 and also one-

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tenth of one per cent of such part of the capital stock as exceeds \$100,000, Pub. Stat. 1882, p. 85, § 14. Shares of stock in both domestic and foreign corporations are taxed, unless the domestic corporation is taxed as a corporation "for an amount equal to the value of its property," or unless, in the case of a foreign corporation, its shares of stock are taxed where it is located, p. 122. Non-resident stockholders in national banks, located in the state, are taxed where the bank exists, p. 123. Taxes are a lien on such stock and transfers are prohibited, p. 124. Any towns may require any domestic corporation to report to it concerning stockholders residing in that town, p. 125. Shares of stock are taxed on their cash market value, less a proportion of the value of realty and machinery owned by the corporation, Id. Savings banks pay annually twenty-five cents on each \$100 of deposits and on each \$100 of reserved profits, Id. p. 83, § 3. Trust companies pay annually twenty-five cents on each \$100 of deposits, Id. § 4. Domestic and foreign insurance companies pay two per cent on gross premiums and assessments, Id. §§ 5, 6. Telegraph, telephone and express companies pay one per cent on gross receipts in lieu of all other taxes, Id. p. 84, §§ 10, 11.

§ 34. **SOUTH CAROLINA. Constitutional Provisions.**—Stockholders in banks are liable for corporate debts "to the amount of their respective share or shares of stock." No director or officer shall borrow of the bank, Art. XII, § 6. Mines and mining property shall be taxed only upon their proceeds, Art. IX, § 1. All corporation property is taxable. Dues from corporations shall be secured by such individual liability of the stockholders and other means as may be prescribed by law. All general and special incorporating acts shall provide for fixing the personal liability; shall prevent and punish fraudulent misrepresentations as to capital, etc., and shall regulate use of all franchises, limit tolls, etc., Art. XII.

Miscellaneous Corporations.—Two or more persons may incorporate for "manufacturing, mining, industrial, labor, immigration or other business, except for railroad purposes," Act No. 288, L. 1886, § 1. All subscriptions are payable in money or labor or property at its money value, Id. § 3. May organize after a *bona fide* subscription of fifty per cent of the proposed stock. There shall be from three to nine directors, Id. § 4. The subscription and organization are accomplished by means of a board of incorporators, Id. §§ 2, 4, 5, 6. The charter shall issue upon the filing of the certificate that twenty per cent of the capital subscribed has been paid in cash and the remainder secured, and twenty per cent of the property subscribed has been delivered, with security for the remainder, Id. § 5. May execute mortgages and deeds of trust by a

majority stock vote, Id. § 10. Each share is entitled to one vote. Id. § 11. Directors shall elect and may discharge the president or other officer, and may fill a vacancy in the board, Id. § 12. The corporation has a lien upon stock for all dues thereon. Transfers are not valid except between parties, unless regularly entered, Id. § 14. Mining and manufacturing corporations may construct a railroad not exceeding ten miles in length, § 15. Books must be open to stockholders and keeping false books is a misdemeanor, § 17. Five years' non-user forfeits the charter, § 18. The stockholder's liability, other than in railroads and banks, is "in an amount, besides the value of his shares therein, not exceeding five per cent of the par value of such shares held at the time the demand of the creditor was created." This liability attaches for corporate debts payable in one year and enforced within two. Unless otherwise provided in the charter, fraudulent misrepresentations as to the capital property or resources by a stockholder or director shall constitute a misdemeanor. The corporation may hold real estate necessary for its purposes and to secure debts, Id. § 22. The amount of property may be limited by charter, § 26. It must organize within two years, § 28. Any increase of stock or debt must be by a majority stock vote, § 30.

Railroads.—No general incorporating act exists. Connecting lines may consolidate, Gen. Stat. 1882, § 1425. Dissenting stockholders must be bought out at an appraised valuation, § 1432. Railroads may lease or purchase the stock of connecting lines, and may guarantee the bonds or stocks of connecting railroad, § 1434. May aid in the construction of connecting railroads or steamship lines by subscribing for stock or taking notes or bonds, etc., § 1435. Proxies older than six months are not valid. No one can cast over one hundred proxy votes, unless from one person. A salaried officer is not to vote a proxy, § 1437. Stockholders are liable besides their stock liability to the amount of five per cent of the par value of the stock, Act No. 96, Laws 1885. Consolidations are authorized with other companies in or out of the state, Id. § 5. A railroad commissioner is given power to reduce and fix rates and regulate the railroads generally, L. 1888, ch. 27.

Banks.—May be organized, No. 288, L. 1886. They are subject to the provisions of No. 114, L. 1885, as follows: Every director must own at least ten shares, § 2. No more than an amount equal to one-half the capital stock and one-half the deposits shall be invested in mortgages of real estate at any one time. May hold real estate necessary for business and to secure debts, § 3, as amended by No. 427, L. 1887. The liability of stockholders is for the amount of their shares and five

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lines by subscribing for
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officer is not to vote a
their stock liability to
the stock, Act No. 96,
other companies in or
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ads generally, L. 1888,

6. They are subject to
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its shall be invested in
old real estate necessary
ed by No. 427, L. 1887.
of their shares and five

per cent in addition thereto, for all debts, § 4. No director shall bor-
row money from the bank, § 5. The bank may sue for unpaid in-
stallments or sell the stock on twenty days' notice. Books must be
open for inspection, § 6.

Taxation.—Shares of stock are taxed, General Statutes, 1882, §
164. But not if the corporation is required to list its property for tax-
ation in the state, § 169 [19th]. Otherwise, stock in both domestic
and foreign corporations is taxed, §§ 173, 176. Railroads are taxed
by a state board and the assessment apportioned among the municipali-
ties through which they run, §§ 180, etc. Domestic corporations are
taxed on their capital in proportion only to the amount of tangible
property which they have in the state, representing that capital, § 194.
If the whole property of domestic corporations is out of the state, no
tax is levied on its capital, § 195. All corporations are taxed on their
personalty in the state, the same as individuals, § 196. Bank stock is
taxed at the place where the bank is located, § 198, etc. The real es-
tate of banks is also taxed, § 199. The tax is a lien on shares, § 203.
The bank may pay the tax on shares and deduct it from dividends,
§ 204.

§ 35. **SOUTH DAKOTA.**—In February, 1889, by Act of Congress,
the territory of Dakota was divided and admitted into the union as
North Dakota and South Dakota. In August, 1889, the constitutional
convention of South Dakota submitted to the people a constitution con-
taining the following provisions:

Constitutional Provisions.—No private or special law shall be passed
granting to any individual, association or corporation any special or
exclusive privilege, immunity or franchise whatever, Art. III., § 23.
No irrevocable grant or privilege, franchise or immunity shall be made,
Art. VI., § 12.

No privilege or immunity shall be granted to citizen or corporation
“which upon the same terms shall not equally belong to all citizens or
corporations,” Id. § 18. Corporation property shall be taxed “as near
as may be by the same method” as individual property is taxed, Art.
XI., § 2. The power to tax corporations shall not be surrendered, Id.
§ 3. Stocks shall be taxed, Id. § 4. Exemptions from taxation, with a
few exceptions, shall be void, Id. § 7. Neither the state nor any
municipality shall loan or give its credit to or make donations to or aid
any individual, association or corporation, or subscribe to or own stock,
or pay or become liable for the debts of such. The state shall not
engage in any work of internal improvement, Art. XIII., § 1. Cor-
porations shall be incorporated under general laws, Art. XVII., § 1.

Cumulative voting is to be allowed, Id. § 5. Foreign corporations doing business in the state must have an office and agent in the state upon whom process may be served, Id. § 6. Corporations shall not hold real estate except such as is necessary and proper for their legitimate business, Id. § 7. "Watered" stock and bonds are to be void. An increase of stock or corporate indebtedness is to be allowed only upon the consent of a majority in interest of the stockholders given at a meeting held after sixty days' notice, Id. § 8. The legislature may alter, revise or annul any charter, Id. § 9. Street railroads shall be permitted only upon the consent of the local authorities, Id. § 10. No telegraph company shall consolidate with or control a competing company, Id. § 11. All railroad corporations doing business in the state shall keep an office in the state, where transfers of stock may be made, and shall keep open to public inspection, books stating the capital stock subscribed, and by whom, the names of the owners and the amounts owned, the amount of stock paid in and by whom, transfers, the amount of corporate assets and liabilities, and the names and residences of their officers. Annual reports shall be made to the state, Id. § 12. Rolling stock shall be personalty, and subject to execution, Id. § 13. Competing or parallel railroads shall not be consolidated. No consolidation is to be allowed except upon sixty days' notice to all stockholders, Id. § 14. The legislature may reduce the charges of railroads and common carriers, Id. § 15. Stockholders in banks are liable for corporate debts to the extent of the par value of their stock in addition to the subscription liability; such liability to continue for one year after a transfer of the stock, Art. XVIII., § 3.

The present statutory law of Dakota affecting corporations is as follows:

Miscellaneous Corporations.—One-third of the officers shall be residents of the territory, Compiled L. 1887, § 2897. Absolute acceptance of the statutory grant of corporate authority is necessary to constitute a corporation, § 2898. Three or more persons may incorporate for purposes named in the statute, including mining, manufacturing and other industrial pursuits, railroads, banks and trust companies, § 2900. The articles must be subscribed and acknowledged by three or more, one-third of whom must be residents of the territory, § 2904. The articles are to be filed with the secretary of the territory and a certificate is to issue, § 2905. The corporation may forfeit stock for non-payment of subscriptions, or may sue for the subscription, but not both, § 2914. May provide by by-laws for issuing certificates of stock prior to full payment, § 2915. The corporation may purchase its own stock from its surplus profits, § 2917. May hold real estate for legitimate purposes

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within the statutory limit, § 2919. A majority stock vote is necessary to pass by-laws, § 2920. A two-thirds stock vote may delegate the power to the directors, § 2922. Each share has one vote, § 2925. There shall be from three to eleven directors, all holders of stock to an amount fixed by the by-laws. Unless otherwise provided in the by-laws the board of directors may fill a vacancy, § 2926. Directors are personally liable for all debts in case dividends are wrongfully declared, or the capital stock withdrawn and divided, or debts are created in excess of the subscribed capital stock, or the stock is increased, except as specially provided by law. The statute of limitation does not run against this liability, § 2928. No director shall be removed except by a two-thirds stock vote at a meeting specially called, § 2930. No one can vote stock unless it is recorded in his name at least ten days, § 2931. Meetings of stockholders and of the board must be held at the principal office, except that railroad directors' meetings may be held in any place in or out of the territory, provided the railroad has one or more resident directors or a duly appointed resident agent; when not otherwise provided all board meetings must be called by a special notice in writing to each director. A justice of the peace may call a general meeting on the written application of three stockholders, § 2932. Stockholders are individually liable only for unpaid subscriptions and such liability is not released by transfers, § 2933. The capital stock may be increased or diminished by two-thirds stock vote at a meeting specially called.

Detailed records of all transactions and all meetings, acts, votes, protests, etc., and also a stock and transfer book shall be kept open for inspection, § 2937. If the corporation does not organize and begin operations within one year, its powers cease, § 2939. The corporate franchises may be sold on execution, § 2964. But may be redeemed within one year, § 2968. The legislature may examine into the affairs of all corporations at all times, § 2970.

Manufacturing and mining companies may incorporate for twenty years. Loans to stockholders are forbidden, § 3109. Records are to be open for the inspection of stockholders, § 3110. Stockholders are liable for labor done, but the action to enforce must be commenced within four months, § 3111. Annual reports are to be made and published. Failure or falsity therein is a misdemeanor, § 3112. Twenty per cent of the stock may demand a statement of the condition of the corporation, § 3113. The corporation may have its business office, and may hold meetings of stockholders and directors out of the territory, but must have a main office within the territory, § 3114.

Railroads.—Five or more may incorporate as a railroad corporation by making, signing and filing articles and certain affidavits where-

upon a patent shall issue. If stock is to be common and preferred, the articles shall so state and the amount of each class, § 2972. Directors shall be from five to thirteen. They shall be stockholders entitled to vote at the election. Each share has one vote, § 2974. Stock is deemed personalty, § 2977. The capital stock may be increased by a two-thirds stock vote, § 2978. A railroad may borrow money and execute trust deeds and mortgages, § 2981. May consolidate, lease or purchase upon the consent of a majority of the stock in each company, but the capital of the new company shall not exceed the sum of the consolidated capitals at par, nor shall any bonds or other evidences of debt be issued as a consideration for, or in connection with such consolidation, § 2986. Rolling stock, fuel, rights of way, depot grounds, etc., are subject to mortgages or trust deeds, although subsequently acquired, § 2990. They may set aside fifty per cent of their net earnings for the payment of debts, § 2992. No railroad may plead usury, § 2993. Annual reports must be made, § 2995. A foreign railroad may extend its line into the territory after filing a certified copy of its directors' resolution, designating the proposed route, § 2997. A railroad commission exists with power to recommend, §§ 137-152.

Foreign Corporations.—Must file a copy of their charters, § 3190. And designate a resident agent to accept service, § 3192.

Taxation.—Stocks in domestic corporations and banks, and foreign corporations doing business in Dakota are taxed, § 1543, and see §§ 1541, 1544. Depreciated stocks may be listed at their current value and rate, § 1561. All corporations except banks, railroads, etc., shall make a full return of all property and be taxed thereon where it is situated, § 1565. All bank stock is taxed to holders "on the value of their shares" where the bank is located, whether the holder resides there or not. Domestic holders of foreign national bank stock are not taxed thereon, § 1566. A list of stockholders is to be kept for the inspection of assessors, § 1567. The tax is a lien on shares, § 1569. Dividends are to be withheld until the tax is paid and the shares may be sold, § 1570. Railroads, except street railroads, are taxed, in lieu of all other taxes, two per cent of their gross earnings for the first five years; thereafter three per cent upon the basis of sworn accounts furnished by the railroad. The territory has a lien on all the property of railroads for such tax and said lien takes precedence over all demands, decrees and judgments, § 1571. As to penalties, see §§ 1572-1574. One-third of the tax goes to the territory, the residue being apportioned among the counties on the line of the railroads, § 1576. The fee of the secretary of the territory for issuing a corporation certificate is \$5, § 1403.

§ 36. **TENNESSEE. Constitutional Provisions.**—General laws for incorporation shall be passed, Art. XI., § 8. Corporation shall not be

mon and preferred, ss, § 2972. Directors stockholders entitled e, § 2974. Stock is y be increased by a ow money and exe- consolidate, lease or k in each company, ceed the sum of the other evidences of ction with such con- way, depot grounds, ough subsequently t of their net earn- d may plead usury,

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d banks, and foreign d, § 1543, and see §§ their current value railroads, etc., shall reon where it is situ- on the value of their der resides there or stock are not taxed pt for the inspection § 1569. Dividends s may be sold, § 1570. u of all other taxes, five years; thereafter rished by the rail- of railroads for such ts, decrees and judg- 4. One-third of the ortioned among the fee of the secretary is \$5, § 1403.

—General laws for in- corporation shall not be

aided by the state, Art. II., § 31. Nor by municipalities except upon a three-fourths vote cast at an election called for that purpose, Art. II., § 29.

Miscellaneous Corporations.—Five or more persons of age may incorporate for purposes specified in the statute, including discount and savings banks, by filing a charter and application properly approved as prescribed in the Code of 1884, § 1692. The state and county fees for filing are \$3, § 1703. The directors are five or more. All records and proceedings and annual statements are open to the inspection of the stockholders, § 1706. The right of legislative control is reserved, § 1711. Transferers are liable on unpaid subscriptions, § 1708. Material charter amendments by the legislature are binding only when accepted by a majority of the stockholders. If accepted, dissenting stockholders are to be bought out. If rejected, the corporation is to be dissolved, § 1711. Stock is personal property and liable to execution, § 1715. Fraud in creating a corporation and diverting its funds from corporate purposes is a misdemeanor, §§ 1716, 1717. Special provisions accompany the blank forms of charter in the code for each different kind of corporation.

Manufacturing, mining, etc.—Directors are made liable for the amount of loans to stockholders, § 1856, and for corporate debts in excess of the paid-in capital, §§ 1858, 1871. Stockholders are liable for debts to laborers, etc., upon the insolvency of the corporation, § 1858. Mining corporations may by a three-fourths stock vote invest in a contiguous railroad, § 1860. And they may endorse the railroad's bonds and issue mortgage bonds to raise money therefor, Id. Stockholders may by a three-fourths vote fix the time and place of meetings, § 1863. The corporation may take hold, and convey real estate to secure debts, § 1868. Charters may be amended, § 1865. The corporation cannot loan money but must declare dividends whenever able to pay four per cent, § 1870. Discount and savings bank directors shall appoint a committee of members every six months to investigate the affairs of the bank, § 1728. When any deposit shall amount to \$50 it may, at the option of the depositor, become stock, § 1730. By ch. 198, L. 1887, all corporations are authorized to lease and dispose of their property and franchises to any corporation legally doing the same general business within the state, or they may enter into any agreement for its use or operation, provided such lease or contract shall be approved by a majority stock vote at a meeting noticed sixty days; but this act shall not apply to competing railroad lines. By ch. 139, L. 1887, incorporation for mercantile business is allowed. By ch. 78, L. 1885, five adults may incorporate to purchase, improve, use, lease, etc., real estate not exceeding a parcel one hundred and fifty feet square.

Five or more "citizens" of full age may incorporate for a railroad or railway company, Code § 1891. A domestic railroad company may lease other railroads, § 1250. And may take a lease of a road connecting with it, § 1273. And may buy the bonds and stocks and construct or take a lease of connecting lines, § 1262. Or consolidate with a connecting line, § 1263. Upon a three-fourths vote of all the stock, a railroad company may enter into a lease, sale or consolidation, may buy and sell bonds or stocks of other roads and may guarantee or indorse such bonds and stocks, § 1275. Municipal subscriptions are authorized, 1278. Connecting roads may be consolidated if dissenting stockholders are bought out, L. 1886-7, p. 166. A railroad which is authorized to lease another may guarantee its bonds, Id. p. 63. By ch. 77, L. 1885, the act creating a railroad commission was repealed.

Foreign Corporations.—Foreign mining and manufacturing corporations may acquire essentially the same status as a domestic corporation by filing their charters with the secretary of state and the county register. They may hold necessary real and personal property which shall be liable for debts. Resident creditors have a priority. They shall begin work within one year from the time of filing their charters, Code §§ 1992-2003. See also L. 1886-7, p. 102. Certain privileges are given to foreign immigration corporations, §§ 2004, 2005.

Taxation.—By ch. 1, L. 1885, § 8, it is provided that thereafter no tax shall be assessed upon the capital of any bank or any other corporation, but the stock and bond holders shall be assessed and taxed on the value of their shares and bonds in the municipality where the corporation is located. All corporations in addition thereto are liable for taxes on all other property, funds or assets. But the property and stock of a Tennessee corporation manufacturing articles of the produce of the state shall be assessed as one property in the same manner as property of firms and individuals. Officers are to report on oath as to such stocks and bonds, also pay the tax and charge the same to the holders, Id. § 9. Dividends are to be retained to pay the tax. Shares of non-resident holders are liable and the tax is a lien thereon, § 11. Savings bank franchises are personal property and are liable for taxes on the surplus earned, Id. § 13. Railroad property is assessed by a state board on schedules furnished by the company showing the value of all property, cost, dividends, value of stock and indebtedness. The assessment is apportioned among the counties and municipalities, Code §§ 669-708.

§ 37. **TEXAS. Constitutional Provisions.**—The state shall not aid corporations, Const. of 1876, Art. III., §§ 50, 51. The state shall not

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The state shall not

authorize municipalities to aid corporations, Id. § 52. Railroads shall not be incorporated by special laws, Id. § 56. The power of taxation shall not be contracted away, Art. VIII., § 4. Railroads are to be taxed by the municipalities. Rolling stock is to be taxed at the principal place of business and apportioned, Id. § 8. Railroads shall keep a public office in the state and keep open a book containing the names of stockholders, etc., and the assets and liabilities of the corporation. Directors must meet annually in the state, Art. X., § 3. Rolling stock is personalty, Id. § 4. The consolidation of competing lines is prohibited, Id. § 5. The consolidation of domestic with foreign railroad corporations is prohibited, Id. § 6. Municipalities shall not aid corporations, Art. XI., § 3. Private corporations shall be created only by general laws, Art. XII., § 1. Fictitious bonds and stock are void, Id. § 6. No corporate body shall be created with banking privileges, Art. XVI., § 16.

Miscellaneous Corporations.—May incorporate for various purposes specified in the statute, R. S. 1887, §§ 565, 566. The charter must be subscribed and acknowledged by three or more persons, at least two of whom are citizens of the state. Married women may be stockholders and officers, § 568. The charter is subject to the power of the legislature, § 574. Foreign corporations must file copies of their charters and a resolution of their directors designating an officer or agent within the state to receive service. A permit issues from the secretary of state upon full compliance with the law. An agent is subject to criminal prosecution for acting without such permit, § 574 a.

Corporations may hold such real and personal property as is requisite for their purposes and to secure debts, § 575. The number of directors is to be not less than three nor more than thirteen, Id. By-laws may be adopted by the directors, but may be altered by a majority vote of the stockholders, § 581. The charter may be amended, § 571. Books and records shall always be open to the inspection of the stockholders, § 586. Directors must report upon the condition of business where one-third of the stockholders demand it, § 587. Stockholders may, by a motion in court, after execution is returned unsatisfied as against the corporation, be made subject to execution for unpaid subscriptions, § 595. Directors are liable for debts to the amount of dividends knowingly declared when the corporation is insolvent, § 594. The principal office shall be kept in the state, § 597. A business firm desiring to incorporate without change of name must give a newspaper notice for four successive weeks and until such publication no change occurs in their liability, § 603. Charters are void if operations are not begun within three years, § 605. No stockholder shall be

liable beyond the amount unpaid on his stock, § 610. Before foreign corporations do business in the state they must file a certificate and obtain a permit. A license fee is charged, varying with the capital stock. Railroads need not comply with this law, L. 1889, ch. 78.

Trusts are defined and prohibited under penalties, criminal liability and forfeiture of charter, L. 1889, ch. 117.

Irrigation companies may be incorporated, L. 1889, ch. 88.

Railroads.—Ten or more persons may form a company, § 4099. \$1,000 per mile must be subscribed and five per cent paid in, § 4100. The articles must be submitted to the attorney general for approval and for his certificate, § 4102. They are then filed with the secretary of state, §§ 4103-4104. The articles may be amended by the same procedure, §§ 4108-4111. Every railroad shall maintain an office upon its line within the state, § 4115. Directors' meetings shall be there held and all books shall be open to inspection. The legislature may, at any time, examine the books, § 4115 a. There shall be from seven to nine directors, all stockholders, and a majority shall be residents, and it shall require a majority in interest of the stock to elect a director, §§ 4123-4126. By-laws regulating the election of director shall not be changed except at a regular annual meeting and by a majority stock vote, § 4127. Directors are liable for false and fraudulent dividends, § 4133. A railroad shall not use its funds to purchase its own stock or the stock of another corporation, nor make a loan to a director or officer, § 4142. Stockholders are liable for the amount unpaid on their stock, § 4143. By-laws are to be made by the stockholders at regular meetings by a majority vote of two-thirds in value of all the stock, Id. § 4137. Books shall be open to the inspection of stockholders, Id. §§ 4121, 4141. No stock shall be issued for less than its par value, Id. § 4154. Officers are liable for fictitiously issued stock, Id. § 4156. Stockholders and directors must meet once, at least, in the state during the year, Id. §§ 4157-8, see also L. 1885, p. 67. Proxies must not be older than six months, Id. § 4164. Directors may pay bonds by an issue of stock, Id. § 4222. Stockholders may, by a majority stock vote, fix the amount of loans and interest thereon, § 4152. Stockholders may, by a two-thirds stock vote, remove the officers and elect others, § 4153. Stock issued within thirty days before a stockholders' meeting is not entitled to vote thereat, nor shall any stock be voted except in proportion to the amount paid thereon, or secured to be paid, § 4165. The consolidation of parallel or competing lines is prohibited, § 4246. No railroad of this state shall consolidate with any railroad organized under the laws of another state or of the United States, § 4247. Discriminations are prohibited, §§ 4251 *et seq.* All railroad property is subject to execution, § 4259.

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execution, § 4259.

Taxation.—Railroad property is assessed by county and state assessors upon verified statements of the officers, the tax being the same as upon other property, §§ 4656, 4687, 4678. All private corporations are taxed in essentially the same manner, § 4688. For filing the certificate of a railroad corporation a fee is charged of \$100, and \$25 for every \$100,000 capital stock in excess of \$100,000; for miscellaneous corporations, \$25 and \$5 for every \$10,000 capital stock over \$10,000, ch. 73, L. 1883, § 2374 a. Banks are taxed by taxing the realty, and the shares of stock less a proportion of the value of the realty, ch. 111, L. 1885. Resident stockholders in foreign corporation are taxed, ch. 4, L. 1879. So also are stockholders in domestic corporations, R. S., Art. 4681. Shares of stock are not taxed if the corporation is required to list its capital and property for taxation, Id. 4682. As to the taxation of railroads see 4686-7, also constitutional provisions *supra*. National and state banks doing business in Texas are taxed on their real estate. The bank makes a sworn return of the stock and stockholders. Each share is taxed on the difference between the actual cash value and the proportionate amount per share at which the realty is assessed. Such tax is a lien on the share, which cannot claim dividends nor be transferred until the tax is paid, § 4668 e.

§ 38. **VERMONT. Constitutional Provisions.**—There are none affecting corporations.

Miscellaneous Corporations.—Three or more may incorporate for various purposes specified in the statute, R. S. 1880, § 3267. "Mercantile" business included, Act No. 105, L. 1884. Articles of association must be published, § 3278. Directors shall be three or more. Shall be stockholders and one shall be a resident, § 3283. The capital stock may vary from \$500 to \$1,000,000, Act No. 104, L. 1884. One-half of the capital stock shall be paid in before the corporation contracts debts. The directors are liable for corporate debts in excess of two-thirds of the capital stock, § 3291. Stockholders are liable to corporate creditors to the amount of their stock until the whole capital stock is paid up, § 3292. Books containing the names of the stockholders, etc., shall be open to the inspection of stockholders. All corporate books are also to be open to their inspection, §§ 3294, 3295.

Railroad Corporations.—Twenty-five or more, a majority being inhabitants of the state, may incorporate, § 3306. One railroad shall not subscribe for or hold the bonds or stock of another railroad, § 3314. At corporate meetings no subscriber shall vote over one-tenth of the capital stock, § 3330. The treasurer and clerk must be residents and the corporate books must be kept within the state, § 3338. Preferred stock may be issued, § 3339. The original subscribers have a pre-emp-

tive right to buy the preferred stock, § 3341. Guaranteed stock may be issued, § 3343. Upon an increase of the capital stock the stock is not to be issued below par, "unless all the stockholders in the corporation agree, in writing, that such shares may be issued for a less sum," § 3344. Stock is subject to attachment and levy of execution, § 3345. Bonds may be issued upon a vote of the stockholders, § 3350. On the foreclosure of a railroad mortgage, and the vesting of title in the mortgagees, the bondholders may incorporate to operate and own the railroad, §§ 3461, etc. Dissenting bondholders are to be paid the value of their interest, § 3469. If mortgagees do not purchase, any corporate creditors, secured by the mortgage foreclosed, may tender to the purchaser a proportionate part of the purchase price and own a corresponding interest in the property, § 3476. A railroad commission has power to reasonably regulate rates, ch. 23, L. 1886.

Banks.—Five or more, three-fourths being residents, may incorporate. The capital stock may be from \$50,000 to \$500,000, § 3493. The capital stock shall be wholly paid in cash before business is commenced, § 3511. The stockholders are not personally liable unless the articles of association so provide, § 3531.

General Provisions.—Directors must be stockholders, § 3252. Before commencing business the president and directors must file a certificate stating the amount of capital stock actually paid in, § 3253. Stock may be attached and sold on execution, §§ 3262, 3263. The corporation must have a clerk residing in the state, § 3267. A pledge of stock, is effective when a memorandum is made on the transfer book, Act No. 103, L. 1884. Many corporations are organized under special charters but by Act No. 79, L. 1886, they are made subject to the provisions of the revised laws.

Taxation.—A resident stockholder in a foreign corporation is not taxed if the corporation is taxed on its whole stock or the stockholder is taxed in the state where the corporation exists. Stockholders in domestic railroad corporations are not taxed, Rev. Laws 1880, § 279. Factories, mines, etc., are exempt from taxation for a period not longer than five years as a majority of the voters of the municipality may elect, Act No. 6, L. 1884, amending R. S., § 273. Shares of stock, owned by residents or non-residents, in all corporations, except railroads, are taxed, § 283. The corporation pays the tax on the shares of non-residents, § 284. But a proportionate deduction is made as to domestic corporations for the corporate realty and personalty that is taxed, and for the realty of foreign corporations, § 288. By Act No. 5, L. 1884, railroads are taxed on their earnings per mile in the state, two per cent on the first \$2,000 or less; three per cent on the next \$1,000;

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four per cent on the next \$1,000; and five per cent on all over \$4,000 per mile.

By Act No. 1, L. 1882, all state taxes are raised by the taxation of railroad, insurance, guarantee, express, telegraph, telephone, steamboat, car and transportation companies and savings banks.

The "Maryland Tax Commission" says of Vermont: "The present statute of Vermont, which has been in force since 1882, is growing in favor, and although its railroads have less opportunity for large business and handsome profits than the more flourishing of our roads, the tax imposed is somewhat higher than we suggest, being two per cent on the first \$2,000 a mile, three per cent on the third \$1,000, four per cent on the first \$1,000 above \$3,000 per mile, and five per cent on all earnings above \$4,000 a mile. The revenues derived by Vermont from its taxes on corporation franchises and privileges are, and have been for years, sufficient to meet all expenses of the state government; and no state tax is imposed upon property, thus leaving to the counties and other local bodies all revenue from that source."

§ 39. VIRGINIA. *Constitutional Provisions.*—"The capital invested in all business corporations shall be assessed and taxed as other property. Assessments upon all stock shall be according to the market value thereof," Constitution of 1869, Art. X., § 4. The credit of the state is not to be used to aid any corporation, Art. X., § 12. The state shall not subscribe or be interested in any corporation, Art. X., § 14. The state shall not aid internal improvements, Id. § 15.

Miscellaneous Corporations.—Five or more persons may organize as a joint stock company for any lawful business except turnpikes, railroads and banks of circulation. A certificate duly made and acknowledged is presented to the circuit court or judge, and if the charter is granted it is recorded with the secretary of state, Code of 1887, §§ 1145, 1146. The certificate sets forth among other things the amount of real estate proposed to be held, Id. The minimum capital is \$500 in shares of not less than \$10. The maximum capital shall not exceed twenty times the minimum, § 1148, amended Acts 1887, ch. 14. A lien given by the company to prefer one creditor shall inure to all, § 1149. A penalty of \$100 and costs is imposed for failure to make required annual reports, §§ 1152, 1153.

General Provisions.—Each share has one vote, § 1116. Stock is not assignable until paid for, § 1130. Books and records are to be open to inspection, §§ 1121, 1122, 1123, 1142. At the time of subscription \$2 must be paid on each share to the commissioner, § 1107. The charters of railroad corporations are always subject to legislative

amendments, as are all others after fifteen years from their passage, § 1240, 1069. No corporation shall hold any more real estate than is proper for the purposes of its incorporation. One company shall not subscribe to or acquire stock of another unless specially authorized, § 1070. But may receive stock in satisfaction of or to secure debts, § 1071. Companies for internal improvement may enter upon and take lands, §§ 1072, *et seq.* Every company must keep an office in the state for settling claims of residents; foreign companies must appoint an agent on whom process may be served; a copy of their charter with a power of attorney must be recorded with the secretary of state, whose fee shall be \$10, § 1104. Of joint stock companies, generally, see §§ 1106-1153. Subscriptions to railroads may be in land, § 1108. One-tenth of the stock may call a meeting, § 1114. Stockholders may remove directors and fill the vacancies, § 1118. A majority in interest constitutes a meeting, § 1115. No compensation is allowed to the president or directors unless the stockholders vote it, § 1119. Stock shall not be sold for less than par and may be sold for more than par, § 1124. The transferer and transferee are liable for unpaid subscriptions, § 1130. An unrecorded purchaser or pledgee is protected, § 1133. Dividends may be applied to the debts of stockholders due to the corporation, § 1136. The capital stock of manufacturing or mining companies out of debt may be divided upon three months' public notice, § 1139. The terms on which foreign express companies may do business in the state are prescribed by statute. A county or city shall not subscribe to more than one-fifth of the stock of an internal improvement company, nor an amount the interest upon which would require a tax of more than 20 cents on \$100, § 1243. Three-fifths of the qualified voters of a municipality must have voted "for subscription" at an election duly held, §§ 1244, 1245. Corporations are not allowed to plead usury, § 2825. Nor, unless expressly authorized, to take more than legal interest, § 2826.

Banks of Discount and Deposit.—There shall be not less than five directors, a majority of whom shall be citizens of the state, § 1157. They must own, at least, \$100 of stock in their own right and must take an oath, §§ 1165, 1166, Amended Acts 1887-8, p. 320. The bank may hold real estate only for its immediate accommodation and to secure *bona fide* debts, § 1163. No loan to be made on stock until it is paid up, § 1164. Loans to one party shall not exceed one-tenth of the capital stock, § 1168. Duly sworn and attested reports and statements must be rendered to the auditor and be published. One-fifth in value of the stock can demand a special examination of the bank's condition. There is a heavy penalty for a failure herein and for false statements, §§ 1170, 1171.

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Taxation.—The fees for filing papers, making entries, copies, etc., are double those for deeds, § 1151. Shares of stock are deemed personal estate, § 1125. "If the property consist of money, bonds, stocks or other evidences of public or private debts, in any county or city other than that of his residence, or state other than Virginia, it shall be listed by and taxed to the owner thereof," § 492. "If the property belong to a corporation, which property is not otherwise taxed, it shall be listed to the corporation by the accounting officer, and at the principal place of business of such corporation, but if not so listed, it shall be listed and taxed in the place where the property is," § 492. The Act of 1874, p. 300, imposed a tax of fifty cents on every \$100 of the corporate capital not otherwise taxed. Real estate is taxed as property and not as capital. The income from stocks and bonds, not otherwise taxed, shall be taxed one per cent on the amount of such income in excess of \$600, Id. p. 301. Railroads are taxed fifty cents for every \$100 of value in addition to an income tax of one per cent upon the net receipts. The valuation is made by the auditor on the basis of the companies' reports, or upon the failure to make such, at the rate of \$12,000 per mile for the road and rolling stock, Id. p. 353.

§ 40. **WASHINGTON.**—In February, 1889, the territory of Washington was admitted as a state. The constitutional convention in August, 1889, submitted to the people a constitution containing the following provisions: No irrevocable privilege, franchise or immunity, shall be granted, Art. I., § 8. Privileges or immunities shall not be granted to citizens or corporations "which, upon the same terms, shall not equally belong to all citizens or corporations," Id. § 12. Special laws shall not be passed for granting corporate powers or privileges, Art. II., § 28. Corporations, the majority of whose stock is owned by aliens, shall not own land actually or in trust, except mineral and coal lands, Id. § 33. Public officers shall not accept or use passes from railroads or corporations, nor purchase tickets on favored terms, Id. § 39. Corporation property shall be taxed as near as may be, by the same methods as individual property is taxed, Art. VII., § 3. The power to tax corporations shall not be surrendered or contracted away, Id. § 4. The credit of the state shall not be given, or loaned to, or in aid of any corporation or association, Art. VIII., § 5. No municipality shall give money or property, or loan or credit to, or in aid, of any corporation or become the owner of their stock or bonds, Id. § 7. Corporations must be formed under general laws, and charters may be altered, amended or repealed, Art. XII., § 1. Stockholders, except in banks and insurance companies, are liable only for unpaid subscriptions, Id. § 4. Stocks

shall be issued only to *bona fide* subscribers or their assignees. "Watered" stock shall be void, Id. § 6. Foreign corporations are to have no greater privileges than domestic corporations, Id. § 7. Franchises leased or sold are to be subject to the liabilities of the lessor and grantor, Id. § 8. The state shall not loan its credit to or be interested in the stock of any corporation, Id. § 9. Stockholders in banks and insurance corporations are liable to the extent of the par value of their stock in addition to the subscription liability *fer deus* accruing while they remain stockholders, Id. § 11. Officers of a bank receiving money for it after they know it is insolvent, are liable therefor, Id. § 12. Discriminations in railroad charges are forbidden, Id. § 15. Competing railroads shall not be consolidated, Id. § 16. Rolling stock shall be personalty and subject to execution, Id. § 17. Railroads and other transportation companies shall not grant free passes or sell tickets at a discount to legislators or public officers, Id. § 20. "Monopolies and trusts shall never be allowed in this state, and no incorporated company, co-partnership or association of persons in this state shall directly, or indirectly, combine or make any contract with any other incorporated company, foreign or domestic, through their stockholders, or the trustees or assignees of such stockholders, or with any co-partnership or association of persons, or in any manner whatever for the purpose of fixing the price or limiting the production or regulating the transportation of any product or commodity," Id. § 22.

The territorial statutory laws of Washington as affecting corporations is as follows:

Miscellaneous Corporations.—Any two or more may incorporate for any species of trade or business, Code of Washington, 1881, §§ 2421, 2422. But shall not commence business or have land condemned until the whole amount of the capital stock is subscribed, Id. The period of existence is fifty years, § 2422, L. 1885-6, p. 84. Stockholders have power to remove the directors "at will, except that no trustee shall be removed from office unless by a vote of two-thirds of the stockholders" in interest, § 2424. The corporation may purchase, hold, mortgage, sell and convey real and personal property, § 2423 (3). There shall be not less than two trustees who shall be stockholders and a majority of them citizens of the United States and residents of the territory, § 2425. By by-law, votes may be allowed only to full-paid stock or the full-paid stock which the assessment already paid amounts to, § 2425. Stockholders are not liable to corporate creditors, except to the extent of the unpaid subscriptions, § 2434. The capital stock of banks must be at least \$25,000 and three-fifths paid in, Act of 1885, p. 84. Bank stockholders are liable for the par value of their stock in addition to the subscription

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liability, Id. Stock is personal estate, § 2429; and is attachable, § 178. Stock books must be kept open for the inspection of stockholders and creditors, § 2436. Railroad bonds shall not exceed double the paid-up stock, § 2434.

Foreign Corporations.—May do any act in the territory that they could do if incorporated in the territory, § 2478. May acquire, hold, use and dispose of real estate, § 2479. Must file a copy of their charter or certificate and of the general statute under which they are incorporated, § 2480. Assessors are obliged to report the same to the secretary of state, §§ 2482, etc. Land held by a foreign corporation is not to exceed 5,000 acres, Act of 1885, p. 87. Foreign corporations incorporable for land purposes are forbidden to carry on such business, Id.

Taxation.—"The owner or holder of stock in any firm or corporation, the capital or property whereof is assessed, must not be assessed individually for his stock in such firm or corporation," § 2840. Corporate property must be assessed in the county where the property is situated, § 2041. But shares of stock are otherwise subject to taxation, § 2830. National bank stock is assessed against the bank where it is located, § 2849. Railroad property exclusively used in the operation of a line is assessed at its cash value and apportioned among the counties traversed. The roadway and track are real estate. Rolling stock is personalty. All other property of railroads is taxed as though private property, §§ 2850-2855. By Act of 1883, p. 64, railroad corporations, in lieu of all other taxation of their rights, property or capital stock, must pay for the first five years of their operation two per cent of their gross earnings into the territorial treasury, and three per cent thereafter.

§ 41. **WEST VIRGINIA. Constitutional Provisions.**—The state cannot aid or become interested in any corporation, Constitution of 1872, Art. X., § 6. No corporation shall be created by special law, Art. XI., § 1. Stockholders shall not be liable on their stock, except for unpaid subscriptions, Art. XI., § 2. Cumulative voting shall exist, Art. XI., § 4.¹ Stockholders in banks are liable on their stock to an amount equal to its par value, in addition to the unpaid subscription, "for all its liabilities accruing" while they are such stockholders, Art. XI., § 6.² Railroads must report annually on the "condition of their affairs," etc., Art. XI., § 7. Rolling stock is personalty and is subject to levy of execution, Art. XI., § 8. The consolidation or leasing of parallel lines is forbidden, except with the consent of the legislature, Art. XI., § 11.

Miscellaneous Corporations.—Incorporation may be had for any lawful business, except for religious purposes, or for buying and selling

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxxvii.

²Id., chapter xii.

lands, Code ch. 54, §§ 2, 3. The capital stock is not to exceed \$5,000,000, except in railroad and canal corporations, § 5, as amended in 1887. Five or more are necessary to incorporate, § 6. Ten per cent of the capital stock must be paid in upon incorporation, § 7. The original agreement must be acknowledged and be delivered to the secretary of state together with affidavits of two incorporators that the ten per cent has been paid in, etc., §§ 8, 9. The objects of incorporation may be enlarged or diminished upon the consent of the majority, § 10. Meetings of stockholders may be held out of the state, and the principal office may be out of the state if the majority of the stockholders assent, and reasonable notice is given, § 23. Generally the capital stock is fixed at \$500, with the privilege of increase and then after the charter is obtained the increase is made for property under § 16. Every corporation formed under this act, but having its principal office outside the state, shall designate an agent within the state to accept service and report the property for taxation. The power of attorney must be recorded with the county clerk and the secretary of state, § 24.

Railroad Corporations.—Five or more persons may form a railroad corporation, § 31, L. 1881, ch. 17. There shall be from five to thirteen directors. A majority of the stockholders present at any meeting may require a statement of affairs, § 38, and L. 1882, ch. 98. "All stockholders shall at reasonable hours, have access to, and may examine, all the books, records and papers of such corporation," *Id.* Special meetings of stockholders may be called upon a thirty days' newspaper notice by a majority of the directors or one-fourth in value of the stockholders, § 39, and L. 1881, ch. 17. Stockholders may meet out of the state, and the principal place of business may be out of the state, § 40, and L. 1882, ch. 97. But there must be an office in the state with a full set of books for inspection, *Id.* The original subscribers are liable for the unpaid subscriptions, and transferees are not liable, § 47, and L. 1882, ch. 97. The corporation may issue preferred stock; may borrow money and give mortgages on the consent of two-thirds of the stock; and may issue bonds convertible into stock, § 50, and L. 1881, ch. 17, L. 1887, ch. 40. May issue stock or bonds at less than par, for property, land, money, labor, etc. But fictitious stock and stock dividends are void, §§ 52, 68, and L. 1881, ch. 17, L. 1882, ch. 97. The consolidation, purchase or lease of connecting lines is authorized on a majority vote, and upon sixty days' notice, but this is not applicable to competing lines, § 53, and L. 1883, ch. 12; but see amendment ch. 32, L. 1889. Cumulative voting is to prevail, § 56, and L. 1881, ch. 17. Subscriptions to railroads may be made by cities, towns and villages, §

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57, and L. 1881, ch. 17. Any railroad company by consent of two-thirds of the stock may "become surety for or guarantee the bonds, stock or debts," of another railroad, or aid it or lease itself to it, if not a competing road, § 82a.

Banks.—The capital stock shall be not less than \$25,000 nor more than \$500,000, § 77, and L. 1881, ch. 17. Stockholders are liable for the amount of their stock over and above the amount invested therein, § 78. Directors shall be stockholders and shall take an oath, § 79. No meeting shall be held out of the state, § 80. Savings banks may be organized by thirteen or more of whom three-fourths shall reside in the country. See details of provisions in L. 1887, ch. 18. The profits belong to the depositors, Id.

General provisions applicable to corporations.—"Unless specially authorized, no corporation shall purchase real estate, in order to sell the same for profit, or hold more real estate than is proper for the purposes for which it is incorporated, subscribe for, or purchase the stock, bonds, or securities of any joint stock company, or become surety, or guarantor for the debt or default of such company," Code ch. 52, § 3, and see ch. 53, § 3. But "any railroad may, with the assent of the holders of two-thirds of its stock, had by a vote at a stockholders' meeting, become surety for, or guarantee the bonds, stock, or debt of any railroad company, or in any other manner aid such railroad company in the construction of its railroad, or other works, or improvements, and, with like consent, may lease its road to any other railroad corporation within this state." But this does not apply to parallel or competing lines, Code ch. 54, § 82a. An internal improvement company may lay out a town of 640 acres, and sell lots. Any corporation may take real estate, stocks, etc., in payment of, or as security for debts. Any manufacturing company may, with the assent of two-thirds of the stock, subscribe for or purchase stock, etc., of any corporation which furnishes materials to, or deals in the products of the subscribing company, or of a railroad, or other internal improvement in the country, Id. ch. 52, § 4. "No share shall be transferred without the consent of the board of directors, until the same is fully paid up, or security given to the satisfaction of the board for the residue remaining unpaid," ch. 53, § 22. Corporations shall not plead usury, ch. 52, § 23. "At least ten per cent of the par value of each share shall be paid at the time of subscription," ch. 53, § 25. Security may be required for the payment of the balance on stock not paid up, § 31. The certificates of stock shall show the amount paid on each share, § 35. Transfers without a delivery of the certificates are forbidden, unless lost, etc., § 36. Cumulative voting prevails, § 44. No officer or director shall vote as a

proxy, § 45. Full annual reports are required, § 46. "The property and funds, books, correspondence, and papers of the corporation, in the possession or control of any officer or agent thereof, shall at all times be subject to the inspection of the board or a committee thereof, appointed for the purpose, or of any committee appointed for the purpose by a general meeting of the stockholders. The minutes of the resolutions and proceedings of the board shall, for thirty days before the annual meeting of the stockholders, be open to the inspection of any stockholder. They shall be produced when required by the stockholders at any general meeting," § 47. A general meeting of stockholders may be called by the directors, or by one-tenth in value of the stockholders, § 41.

There shall be five directors, unless the stockholders order otherwise. Directors are to be residents and stockholders, unless the stockholders order otherwise. "The stockholders in general meeting may remove any director and fill the vacancy," § 49. "No member of the board shall vote on a question in which he is interested, otherwise than as a stockholder, except the election of a president, or be present at the board while the same is being considered, but if his retiring from the board in such case reduces the number present below a quorum, the question may nevertheless be decided by those who remain," § 52.

"There shall be no compensation for services rendered by the president or any director, unless it be allowed by the stockholders," § 53. The court may "on application of a creditor or stockholder, sufficient cause being shown therefore, appoint one or more persons to be receivers to take charge of and administer its assets," § 58. A corporation shall not hold more than one hundred acres of land, except that salt, oil, and springs companies and manufacturing companies may hold one thousand acres and over, and mining and coal companies ten thousand acres or over. Not more than five acres to be held in an incorporated town or city, § 62, L. 1882, ch. 96. A failure to organize within one year after the date of the certificate issued under the general law, and a suspension of corporate business for two years by any corporation shall forfeit the corporate rights, ch. 53, §§ 6, 7.¹ Stockholders may authorize the issuing of preferred stock, but the maximum capital shall not be exceeded, and a newspaper notice must be given for four weeks, Id. § 16. There shall not be less than five stockholders, Id. § 17.

Foreign corporations must file a copy of their charter or the general act under which they are incorporated before business is transacted. Must also file a writing under seal accepting the provisions of this

¹Cook on Stock and Stockholders and General Corporation Law, chapter xxxviii.

§ 46. "The property of the corporation, in trust thereof, shall at all times be under the control of a committee thereof, to be appointed for the purpose by the stockholders. The minutes of the committee shall be open to the inspection of any stockholder, for thirty days before any meeting of the stockholders, and shall be subject to the inspection of any stockholder at any regular meeting of stockholders. The committee shall be composed of one-tenth in value of the stockholders."

stockholders order otherwise. Unless the stockholders at a special meeting may remove any member of the board of directors, otherwise than as a director, or be present at the meeting if his retiring from the meeting below a quorum, the majority of those who remain," § 52.

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act. Doing business without compliance herewith is a misdemeanor, ch. 54, § 30, as amended by L. 1882, ch. 97.¹

Taxation.—The real estate of corporations is taxed the same as the realty of individuals. Personal property, including the actual value of the capital employed, money, credits and investments whether in or out of the state, less exemptions and the value of real estate which is taxed, and less the debts, is taxed at the principal place of business. Individual stockholders are not taxed, ch. 29, § 64. As to railroads the auditor values the various items of property. Only the property in the state is included. The auditor fixes the assessment. A state and school tax is levied thereon. The gross valuation is divided among the counties, school districts and municipalities through which the road passes, and the regular tax is levied by each on the portion of gross valuation assigned to it, § 67. All corporations, except religious, etc., having a principal office or their chief works in the state, must pay an annual license fee of \$10. Those having the principal office or chief works out of the state must pay an annual license of \$50, Act February 28, 1885, Code ch. 32, p. 233. \$50 and also a fee of \$6 is charged upon incorporation, Id. and ch. 54, § 18.

§ 42. WISCONSIN. Constitutional Provisions.—The state shall not give its credit to aid corporations, Art. VIII., § 3. Corporations are to be created by general laws only, except in the case of banks or where a general law is impracticable, Art. XI., § 1. The legislature may authorize or incorporate banks by general or special laws only after a general election where a majority of votes cast shall be in favor of the same, Art. XI., § 5. Special laws incorporating companies are prohibited, Amendment Art. IV., § 31.

Miscellaneous Corporations.—Three or more adult residents may incorporate hereunder for "any lawful business or purpose," except banking, insurance, building or operating public railroads, or plank or turnpike roads, ch. 220, Laws 1883, Suppm't to Rev. Stat., p. 382. Directors must be not less than three and may be elected to hold office for three years, Suppm't to Rev. Stat., p. 384. The corporation shall not take or hold stock in another corporation, with certain exceptions, Id. p. 385. The corporation may hold real property so far as necessary for its business and in payment of or security for debts, Id. No business is to be transacted until half of the capital stock is subscribed and twenty per cent paid in, Rev. Stat. 1878, p. 516. The charter may be amended by a two-thirds vote of the stockholders, Id. pp. 517, 522.

Railroad Corporations.—No officer shall be interested in contracts with the company or in transportation by the company, or be an

¹ Cook on Stock and Stockholders and General Corporation Law, chapter xli.

officer in a competing or parallel line, Id. p. 527. Five or more may incorporate, Id. p. 530. The stock must be owned thirty days before elections, in order to be voted. Each share has one vote. Directors must be stockholders, Id. 531. All corporate books and papers are to be open to inspection at elections if a majority of the stockholders present so desire, Id. 532. Directors may borrow money and give a mortgage, Id. 534. A railroad may lease, purchase or consolidate with another road, Id. 535, Suppm't Rev. Stat. 408. Books are to be open to the inspection of a committee of one-tenth of the stockholders, Id. 539. A railroad organized in an adjoining state may build a line twenty-five miles into this state upon duly filing its charter, etc. It must keep an office within the state, L. 1887, ch. 394. Conditional sales of railway equipments, as regards creditors, is regulated by statute, L. 1883, ch. 274. A railroad commissioner has power to investigate and report, Rev. Stat. 1878, p. 523, etc., L. 1889, ch. 459.

Miscellaneous Provisions.—Corporations may borrow money and mortgage their property on the consent of a majority of the stockholders, Id. p. 510.¹ The principal place of business is to be in the state, and the chief managing officer or superintendent is to reside in the state, except in the case of inter-state railroads. An annual statement of the condition of the company must be filed for the use of stockholders, Id. Corporations have a lien on stock for the stockholders' debts, Id. p. 511.² The stock shall be issued only at its par value in money or property with certain exceptions.³ Bonds may be issued at not less than three-fourths of the par value.⁴ Stock dividends and fictitious stock are void, Id. p. 511, Amended Suppm't, p. 381.⁵ On the forfeiture and sale of stock, the delinquent stockholder is liable for any deficiency, Id. p. 511. The transferer is liable on an unpaid subscription to creditors who were such at the time of transfer or within six months thereafter, and is liable absolutely unless the directors waive it and note the waiver in the stock book, Id. p. 512. Stock book is to be open to the inspection of stockholders and creditors, Id.⁶ No dividends are allowed until the capital stock is fully paid in. Except in railroads, the stockholders are liable to clerks, laborers, etc., for six months' service or less, to an amount equal to the stock held by each, Id. p. 514. Foreign corporations must, upon request of any resident creditor, file a statement of their capital stock, stockholders, etc., and also a copy of their charter, Suppm't p. 382. Every stockholder shall have one vote for each share, Rev. Stat., 513. Companies and corporations

¹Cook on Stock and Stockholders and General Corporation Law, chapter xli.

²Id., chapter xxxi.

³Id., chapter iii.

⁴Id.

⁵Id.

⁶Id., chapter xxx.

7. Five or more may own thirty days before as one vote. Directors books and papers are to be kept by the stockholders. They may borrow money and give a mortgage or consolidate with

Books are to be open to the stockholders, Id. The state may build a line and fix its charter, etc. It is, ch. 394. Conditional stockholders, is regulated by the charter. The owner has power to invest, L. 1889, ch. 459.

They may borrow money and the majority of the stockholders business is to be in the state. The president is to reside in the state.

An annual statement of the use of stockholders, stockholders' debts, Id. p. 381. The par value in money or property may be issued at not less than the dividends and fictitious

p. 381.⁵ On the formation of the stockholder is liable for any unpaid subscription or transfer or within six months unless the directors waive

p. 512. Stock book is to be kept by the stockholders, Id.⁶ No dividends

may be paid in. Except in the case of laborers, etc., for six months the stock held by each, at the request of any resident

stockholders, etc., and every stockholder shall have the right to sue companies and corporations

Corporation Law, chapter xli.

⁶ Id.

must have an attorney in each county where they do business, Suppm't to Code, p. 380.

Banks.—By §§ 4, 5, Art. XI. of the constitution, there is a substantial reservation to the public of all legislative power upon the subject of banks and banking, see 12 Wisconsin, 47. The banking law cannot be amended without a vote of the people, 17 Wisconsin, 645, 46 Id., 375. The first banking act was authorized and passed in 1852. Several acts and amendments have since been passed, but some were not submitted, so that there is considerable uncertainty regarding some provisions, see note p. 444, Suppm't to Rev. Stat. Among the provisions of the original act are these: Shares of stock are taxed, but not the capital, Rev. Stat. 1878, p. 598. Associations for discount may incorporate with a capital from \$25,000 to \$500,000, Id. 599. May increase the capital within such limit, Id. 603. A list of the shareholders is to be filed, Id. 604. Semi-annual reports are to be made, Id. 606. Stockholders are liable for all "debts to the amount of their respective share or shares," Id. 607.

"An act for the organization of savings banks and savings societies" was approved and adopted in 1876. Twenty or more may incorporate by executing and filing a proper certificate. There shall be at least ten directors. Not more than three officers are to be officers in other banks. The deposit of one person in one year is limited to \$1,000. Officers have no compensation except the treasurer and president. The bank is managed for the benefit of depositors. Officers are not to be sureties for borrowers, Rev. Stat. 1878, pp. 610-612.

Taxation.—A fee of \$10 is charged by the secretary of state for filing the articles, Suppm't to Rev. Stat., p. 384. Shares of stock in a corporation in the state, which pays taxes on its tangible property, are exempt, Rev. Stat. 1878, p. 340. Bank stock is assessed at the principal place of business of the bank, Id. 341 and 343. Railroads must pay an annual license fee of four per cent of their gross earnings, also \$5 per mile if the gross earnings exceeds \$1,500 per mile and are less than \$3,000, and two per cent of gross earnings in excess of the \$1,500 per mile, or \$5 per mile if the gross earnings are less than \$1,500 per mile, Id. p. 389.

CHAPTER II.

CONSTITUTIONAL AND STATUTORY PROVISIONS OF THE TERRITORIES OF THE UNION IN REGARD TO CORPORATIONS.

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| § 43. Acts of Congress in regard to Corporations in the Territories. | § 46. New Mexico. |
| 44. Arizona. | 47. Utah. |
| 45. Idaho. | 48. Wyoming. |

§ 43. Acts of Congress in regard to Corporations in the Territories.— Congress has power to legislate for the territories and has done so on the subject of corporations. All territories are prohibited from granting private charters and special privileges, Rev. Stat. of U. S., § 1889. But the territories may enact general incorporating acts for "mining, manufacturing, and other industrial pursuits," § 1889; also for banking, ch. 330, Acts of 1885. They shall not grant the right to lay down railroad tracks, nor grant any special or exclusive privilege, immunity, or franchise whatever. No subscriptions or aid to any corporation by a territory or its municipalities are allowed. The territories may authorize incorporation for the above purposes, also for insurance, loans, trust, etc., ch. 818, Laws 1886. Foreign corporations and domestic corporations, more than twenty per cent of whose stock is owned by foreigners, shall not purchase real estate in the territories. Corporations created in the United States shall not purchase more than 5,000 acres of land in the territories, except for railways, canals, or turnpikes, ch. 340, Acts of Congress, 1887.

§ 44. ARIZONA. Miscellaneous Corporations.—Any number may "become incorporated for the transaction of any lawful business," Rev. Stat., 1887, § 232. Unless articles of incorporation exempt private property, the stockholders are liable for the debts of the corporation, § 234 (1). Stockholders are always liable to the amount of their unpaid installments, § 245. Non-user of the franchise for five years constitutes a forfeiture, § 243. The articles must be published six days in a newspaper in the county where the principal place of business is located, before commencing business. A copy of such paper is to be filed with the secretary of territory within three months, §§ 236, 237. Pledges shall not vote the stock held in pledge, L. 1889, p. 76.

As to savings and loan corporations, see §§ 283-295.

Railroad Corporations.—Directors must be stockholders, and at least two shall be residents of the territory, but where a majority of the stock is held in another state or territory, the principal office may be in such other state or territory, and the meetings held therein; provided that in such a case an agent be appointed in Arizona, upon whom processes and notices may be served, § 300. The by-laws must be approved by a majority of the stockholders, § 304. A book is to be kept, called "Record of Corporation Debts," open to the inspection of the parties in interest, § 305. Railroads may lease and take leases of other railroads and telegraph lines, §§ 317, 308. May consolidate upon the consent of three-quarters of the stock of each corporation, § 317. But co-terminous competing roads cannot consolidate.

Foreign Corporations.—Foreign corporations must file an appointment of an agent who must be a *bona fide* resident, and who must not be absent more than three months, § 348. Foreign corporations must file a copy of their charter with the secretary of the territory and the county recorder, § 347. Foreign corporations are not to own at one time more than 320 acres of real estate, exclusive of mines and mineral lands, and land necessary or convenient for milling, smelting, reducing or working ores, or for manufacturing or commercial purposes, § 352.

Taxation.—All property of corporations shall be taxed, but holders of stock shall not be taxed, § 2633. Railroad property is to be taxed on its full cash value, as assessed by a territorial board of equalization, and the tax is levied by the same officers and for the same purposes as the property of individuals within the counties and municipalities, § 2649.

§ 45. **IDAHO. Miscellaneous Corporations.**—Corporations may be formed for any lawful purpose by five or more persons, a majority of whom must be *bona fide* residents of the territory, §§ 2576, 2577. The articles must be subscribed by at least five, of whom a majority must be resident freeholders, § 2581. The articles are to be filed with the county recorder and the secretary of the territory, § 2584. It must be shown by affidavit that the requisite amount of stock has been subscribed, § 2583. A copy of the articles must be filed in all counties where property is to be held, § 2587. The by-laws must be adopted by one-half of the stock voted at a proper meeting or by the written assent of two-thirds of the stock without a meeting, § 2588. They may be altered by a two-thirds stock vote, or the power may be delegated by the same vote to the directors, § 2591. There shall be not less than five nor more than eleven directors, chosen from the stockholders, and a majority must be "citizens and

actual *bona fide* residents within this territory," § 2592. Directors can be removed from office by a two-thirds stock vote at a meeting formally noticed and held, § 2597. Stockholders are individually liable for all debts in proportion to the stock held, and this applies to stockholders of foreign corporations doing business in the territory, § 2609. The company shall organize within one year or its powers cease, § 2636. It may acquire only such real property as is reasonably necessary for the transaction of business or the construction of its works, § 2638. Record and stock and transfer books are to be kept open for inspection, §§ 2639, 2640. The right to repeal is reserved by the legislature and the legislature may dissolve any corporation created under this act, § 2641. Foreign corporations must file with the secretary of the territory and clerk of the district court of the county, a copy of a designation of a resident agent to accept process, § 2653. All meetings must be held at the principal office, § 2606. "Corporations organized for the purpose of acquiring lands in large tracts, paying off incumbrances thereon, improving and subdividing them among the shareholders, and for the accumulation of a fund for such purposes, are known as homestead corporations and must not have a corporate existence for a longer period than ten years," §§ 2720, 2729. A foreign insurance company must have a paid-up capital of \$100,000 before it can do business in the territory, § 2752. It must obtain a certificate from the treasurer of the territory, § 2753. In default of this it shall pay a fine not exceeding \$100, and there may be an imprisonment for six months, or both, § 2759a.

Railroads may borrow money on bonds, notes and mortgages in denominations not less than \$500 and at a rate not exceeding ten per cent, § 2664. Railroads may consolidate on the written consent of three-fourths of the stock upon due notice being published for one month in one paper in each county, § 2673.

Taxation.—The capital stock of a corporation is exempt where the property of the corporation has been assessed, § 1401 (6). All bank stock is assessed against the holder in the county of the bank and the tax is paid by the bank. The real estate of banks is subject to territorial, county, municipal and district taxation as other real estate, § 1441. Railroad property is taxed as other property, except that the value per mile of the road is assessed by the territorial board of equalization, which assessment is certified to the counties for division and adjustment among the municipalities, etc., § 1463. The tax on both realty and personalty is a lien on the realty, §§ 1412-1414.

§ 46. **NEW MEXICO.**—Three or more may incorporate for industrial pursuits "or the construction or operation of wagon roads, irrigating

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ditches or the colonization and improvement of land in connection therewith" and other purposes, Compiled Laws 1884, §§ 192, 193, and see ch. 101, L. 1889. The secretary's fee for filing the first certificate is \$5, Id. It must also be filed with the county probate clerk, Id. The time of existence is limited to fifty years, Id. The directors are to be not less than three. They must be stockholders, a majority must be citizens of the United States, and at least one-third must be residents of the territory, § 196. The indebtedness is limited to the amount of the capital stock and the directors are liable for the excess, § 205. A corporation in a contiguous state or territory must file copies of its articles with the secretary of the territory and the county probate clerk before extending its wagon or rail road, or telegraph lines into the territory, § 215. Directors may be removed by a two-thirds vote of all the directors and the vote of the stockholders, § 195.

Foreign corporations must file a copy of their charter with the secretary of the territory and the recorder of deeds of the county where the principal office in the territory is located, and also a certificate designating this place of business and an agent to accept process.

Incumbrances are limited and local creditors are preferred, § 218.

A failure to file the certificates and copies of charters renders all liable as partners, § 219.

A record of the stockholders is to be kept open to stockholders and creditors, § 224. "Corporations may be formed and may do business in this territory . . . to acquire, hold, improve, develop and manage any hot, mineral or other sanitary spring, or to lay off land into town sites, etc., . . . and to acquire, hold, colonize, improve and sell lands in connection with any or all of said objects," § 226. Shares of stock are personal property, § 200. They may be sold under attachment, § 227. "Transfers of stock after the levy of an attachment or after judgment and with notice to the corporation of the levy or judgment, are absolutely void. If the shares be in a railroad, canal, turnpike, allquia, or plank road company or corporation, they may be levied on and sold in any county through which the same passes," § 228. Where a majority of the stock is held in another state or territory the principal office may be in such other state or territory and meetings may be held there, provided an office and agent shall be designated within New Mexico as prescribed in case of foreign corporations, § 230.

Errors in incorporating may be corrected by a new certificate, ch. 74, L. 1889.

The corporation may do its business, hold land, etc., anywhere in or out of the United States, ch. 82, L. 1889.

The period of existence of corporations may be extended, ch. 93, L. 1889.

As to insurance companies see ch. 102, L. 1889.

As to building and loan associations, see ch. 108, L. 1889.

Railroads.—Railroads may be incorporated by five or more persons, citizens of the United States, § 2622, and see ch. 102, L. 1889. By-laws are to be adopted by a majority stock vote, § 2630. And changed by a two-thirds stock vote, or the power to change may be delegated to directors by a two-thirds stock vote, § 2632. At least \$1,000 a mile must be subscribed and ten per cent paid in, § 2625. Directors must be stockholders and citizens of the United States, § 2633. They may be removed by a two-thirds vote of all the stock, § 2638. "The meetings of stockholders and board of directors must be held at the office or principal place of business of the corporation," § 2647. A "record of corporation debts," also a "book of stockholders," also "a transfer book," are always to be kept open to stockholders and creditors. Another book is to contain a record of proceedings at stockholders and directors' meetings, and this is to be open to inspection, § 2650. A married woman may sell and vote her stock as though a *feme sole*, § 2653. A railroad may be leased to, or may take a lease of another railroad, § 2665, 15th and 16th. Railroads may consolidate upon a three-fourths vote of the stock of each corporation, § 2653, 19th. Subscriptions to, leases, sales and consolidations of one railroad to or with another are regulated and allowed on a two-thirds vote of all the stock, §§ 2700-2708. Counties may aid railroads, §§ 2709-2712. One-fourth of the directors must be residents, § 2728.

Banks.—The capital stock must be at least \$30,000, § 142. A stockholder cannot vote if he has debts due to the bank, § 144. Stockholders are individually liable to the extent of their stock in addition to the subscription price, but such liability ceases one year after a transfer, § 150.

Taxes.—The property of the corporation is assessed where the property is situated. If the entire capital or property is assessed, the stockholder is not subject to taxation, § 2815. Shares of stock are assessed at their cash value, § 2818. Railroads are exempt from taxation for six years after completion, §§ 2691-2699.

§ 47. **UTAH.**—Five or more, one-third being residents, may incorporate for any "industrial pursuit," or "for any rightful subject consistent with the constitution of the United States, and the laws of this territory," Compiled L. 1888, § 2267. The articles of association, which must be acknowledged before a probate judge, are to provide for the removal and resignation of officers, also "whether the private property of the stockholders shall be liable for its obligations or not, with such

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additional clauses as they deem necessary for the conducting of the business and its future safety and welfare." An oath or affirmation as to good faith shall be made by at least three and the acknowledgment shall not be made before the probate judge until ten per cent of each subscription has been paid in. The entire capital stock may be subscribed in property at a fair estimated cash value, but the articles must state that fact and describe the property, § 2268. The articles must be filed with the probate clerk within ten days after their execution, § 2269. The officers must take an oath and file a bond to the effect that they will discharge their duties and will not defraud the stockholders, § 2270. A certificate is then issued by the probate clerk which must be filed with the secretary of the territory, who issues a certificate of incorporation, § 2271. The corporation shall have power to buy real estate necessary for its general business, and the collection and security of its debts, but shall not engage in the real estate business. By-laws "may be made in a general meeting of the stockholders or by a board of officers elected by them." Directors shall be stockholders and one-third of them residents, § 2272. The capital stock may be increased to \$20,000,000 or diminished to any amount not less than twenty-five per cent in excess of the indebtedness. The name, number of directors or articles may be changed by a two-thirds stock vote at a special meeting. Two or more corporations formed under this act may consolidate upon a two-thirds vote of the stockholders "at a regular meeting of said corporation." Notice of such meetings must be published thirty days in a Salt Lake City newspaper, § 2273. Dissolution may be had upon a two-thirds vote if approved by the probate judge of the county, § 2274. A corporation "shall have a lien on the amount paid in and the dividends thereon for any balance due for the stock of a delinquent stockholder," § 2276. Keeping false books with intent to deceive is declared a crime, § 2281. Non-user for two years forfeits the corporate privileges, § 2284. "At all meetings each shareholder shall be entitled to one vote for each share of stock." Proxies are permitted, § 2285. There is no personal liability of stockholders unless the articles so provide; but "the joint property of the association and the unpaid stock shall be liable for the debts of the association," § 2286.

Foreign Corporations.—Those doing business in the territory are required to file copies of their articles and certificates of incorporations and designate a resident agent, upon whom services of papers may be made. If they fail to do so, the statute of limitations does not run in their favor, § 2293.

Railroads.—Ten, or more, two-thirds being residents and all being

stockholders may incorporate, § 2315. Directors are chosen by a majority vote of the stockholders, § 2322. They may be removed, as also the president, at a properly noticed meeting if two-thirds in interest are present, § 2324. Directors may make the by-laws, § 2326. A book containing "all written contracts of the directors, and a succinct statement of the debts of the company, the amount thereof, and to whom due," shall during business hours be open to stockholders or parties interested, § 2327. So also as to the book of stockholders, § 2328. Railroads may consolidate with railroads in any state or other territory by a vote of two-thirds of the stockholders at a meeting duly noticed, and the ratification of the agreement may be in the mode prescribed in the other state or territory, §§ 2360-2361. The lease of one railroad to another is authorized, § 2367. Railroad corporations may be formed for the purpose of buying any railroad property at a mortgage or private sale, in this territory when the same is to be sold under a trust deed, § 2373.

Banking.—By L. 1888, ch. 46, six or more persons, two-thirds being residents, may incorporate. The capital varies with the population, but is not to be less than \$25,000. Shareholders are liable equally and ratably to the amount of their stock at its par value in addition to the amount invested in and due on the shares. Twenty-five per cent of the capital must be paid before commencing business, Compiled L. 1888, §§ 2494-2519.

Telegraph Companies.—See L. 1884, pp. 86-92, Compiled L. 1888, §§ 2294-2314.

Taxation.—Shares of stock are exempt, when the corporate property is taxed, § 2009. Shares of stock in national banks are taxed against the holder. Shares of stock in other corporations, when taxable, are taxed in the county where the stockholder resides, § 2011. Corporate realty and personalty are taxed as though belonging to individuals, § 2013. Railroads are taxed on their realty, personalty, and a proportion of the rolling stock, by each county containing it, according to a report of the railroad itself, § 2015.

The territorial secretary's fees for filing the papers of incorporation, and issuing a certificate of incorporation, are \$5 and \$3 respectively, § 5455.

§ 48. **WYOMING.**—Three or more may incorporate to carry on "any branch of business designed to aid in the industrial or productive interest of the country," Rev. Stat. 1887, § 501. If the corporation is formed for business to be done outside the territory the certificate shall so state, as also the principal place of business within the territory,

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 by-laws, § 2326. A book
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§ 504. There shall be not less than three nor more than nine trustees,
 all stockholders, § 505. By-laws are to be made by the stockholders
 or, if the charter so provides, by the trustees, § 509. The company can-
 not purchase shares of its own stock or the stock of other corporations,
 § 510. Stockholders are liable only for unpaid assessments, § 512.
 The legislature reserves authority over corporations, § 518. The
 trustees are liable for any excess of debts over the capital, § 523. A
 statement of affairs is to be made on the request of fifteen per cent of
 the stockholders, § 524. The company may hold, purchase and convey
 such real and personal estate as the purposes of the corporation may re-
 quire, § 543. All meetings of stockholders shall be held within the terri-
 tory, § 643.

Railroads may issue bonds in sums not less than \$1,000 and at a
 rate of interest not greater than ten per cent. They shall not plead
 usury, § 549. Connecting railroads may consolidate upon the agree-
 ment of the trustees, provided that all stockholders so desiring shall be
 paid an appraised value of their stock at the date of the consolidation,
 § 550. The consolidation is consummated by filing a duplicate of the
 agreement, § 551. And no deed or transfer is necessary to transfer all
 rights. The agreement, however, shall not affect the creditors nor the
 duties of the respective corporations, § 552. A railroad company may
 subscribe to the capital stock of other railroad companies, § 553. A
 railroad company may lease or sell all or part of itself to another rail-
 road company, or perfect arrangements with a connecting railroad for
 their common benefit, § 554.

Foreign corporations shall file their certificates or charters with the
 secretary of the territory and the register of deeds, § 600. All officers
 and stockholders are liable in case of failure so to do, § 601. The fee
 for filing is \$1 for each certificate, statute or charter, § 602.

Taxation.—All real and personal property within the territory
 belonging to or claimed by any incorporated company, whether incorpo-
 rated in the territory or not, is taxed, § 3776. Shares of stock shall also
 be taxed, Id. National bank shares are assessed at their par value and
 are taxable the same as state bank shares, § 3789. Bank notes and other
 corporation stocks are assessed at their cash value, § 3791. Railroad
 property is assessed on the verified statement of the principal officers,
 by a territorial board of equalization at so much per mile. This is
 certified to the several counties and there sub-apportioned, § 3839.

CHAPTER III.

CONSTITUTIONAL AND STATUTORY PROVISIONS OF THE FEDERAL GOVERNMENT AFFECTING CORPORATIONS.

- § 49. No state shall pass a law "impairing the obligation of contracts."
- 50. Congress shall have power "to regulate commerce with foreign nations and among the several states."
- 51. "The citizens of each state shall be entitled to all privileges and immunities of citizens in the several states."
- 52. Jurisdiction of the United States Courts in cases affecting corporations.
- 53. No state shall "deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws."
- 54. Corporations created by the United States.
- 55. National banks.
- 56. The Inter-state Railway Act.

§ 49. No state shall pass a law "impairing the obligation of contracts," Art. I., § 9. This provision has given rise to a large number of decisions both in the state and federal courts. Great difficulty has been found in fixing the limit where the legislative power of the state ends and where the application of the above provision begins. Formerly the federal courts favored a restriction of the legislative power and an expansion of this constitutional provision. But of late years the contrary tendency has prevailed and has led to the decisions in the "Granger Cases." The growth, application and extent of this constitutional provision may be seen from the following decisions, which are given in chronological order:

A college charter granted by the King, previous to the American independence, is a contract which cannot be amended or changed by the legislature of the state in which the college exists, *Trustees of Dartmouth College v. Woodward*, 4 Wheat., 463 (1819). The voluntary surrender of a charter and a dissolution under a statute passed subsequently to the granting of the charter is not a violation of contract as regards corporate creditors, *Mumma v. Potomac Co.*, 8 Peters, 281 (1834). A charter granting to a corporation the right to take tolls at a ferry does not prevent the granting of a subsequent charter to another corporation to establish a rival ferry, *Charles River Bridge v. Warren Bridge*, 11 Peters, 420 (1837). An exemption of corporate lands from state taxation does not exempt the lands from taxation after the corporation has sold it, *Armstrong v. Treasurer, etc.*, 16 Peters, 281

(1842). An exemption of a corporation from taxation is violated by a tax on the shares of stock. Although the corporate charter expires and is renewed, the exemption is not necessarily renewed, *Gordon v. Appeal Tax Court*, 2 How., 133 (1844). A penalty incurred by a corporation may be released by the state since it is not a contract within the above provision, *State of Maryland v. Baltimore and Ohio Railroad Co.*, 3 How., 534 (1844). The above constitutional provision does not prevent the state from authorizing the condemnation of corporate property or franchises under its power of eminent domain. That power cannot be contracted away, *West River Bridge Co. v. Dix*, 6 How., 507 (1847). A state may enact a law retrospectively authorizing banks to sue on notes payable to their cashiers, *Crawford v. Branch Bank, etc.*, 7 How., 279 (1848). An agreement of the state to accept the bills of a corporation in payment of debts due to the state cannot be repealed, *Woodruff v. Trapnall*, 10 How., 190 (1850). The legislature may pass a statute vacating condemnation proceedings which have not been fully completed, *Baltimore and S. Railroad Co. v. Nesbit*, 10 How., 395 (1850). A railroad charter stipulating that no other charter shall be granted for a railroad within a certain distance so as to affect the former road's passenger traffic is not violated by a charter to a railroad to transport merchandise, *Richmond, etc., Railroad Co. v. Louisiana Railroad Co.*, 13 How., 71 (1851). Land granted to and accepted by a private corporation, an institution of learning, cannot afterwards be retaken by the state granting it, *Vincennes University v. State of Indiana*, 14 How., 268 (1852). A statute taking from corporate creditors of an insolvent corporation the right to its assets and depriving them of remedies against the corporate property is unconstitutional, *Curran v. State of Arkansas*, 15 How., 304 (1853). An exemption from all taxation other than a prescribed tax on profits is a contract that cannot be broken, *State Bank of Ohio v. Knoop*, 16 How., 369 (1853). Such is the law, even though the additional tax is imposed by a new constitution of the state, *Dodge v. Woolsey*, 18 How., 331 (1855). Where a county had voted a subscription to a railroad under a statute authorizing the subscription, and the constitution of the state was amended after the vote, but before the subscription was made, it was held that the constitutional amendment prohibiting such subscriptions invalidated this one, *Aspinwall v. Commissioners of Davies County*, 22 How., 364 (1859), *cf. sub.* A statutory exemption of corporate property from taxation, made after incorporation and without consideration, may be repealed. It is not a contract, *Rector, etc., Christ Church v. County of Philadelphia*, 24 How., 300 (1860). A case involving substantially the same facts as those of *State Bank v. Knoop*.

supra, was similarly decided in *Jefferson Branch Bank v. Skelly*, 1 Black., 436 (1861), also in *Franklin Branch Bank v. State of Ohio*, Id. 474 (1861). The above constitutional provision protects bondholders secured by a lien on a canal. The state cannot postpone the priority of that lien, *Wabash, etc., v. Beers*, 2 Black., 448 (1862). An exclusive right to "bridge" a river is not violated by the subsequent construction of a railroad bridge by another company, *Bridge Property v. Hoboken Co.*, 1 Wall., 116 (1863). The individual liability of stockholders cannot be repealed, so as to lessen the security of corporate debts existing at the time of the repeal, *Hawthorne v. Calef*, 2 Wall., 10 (1864). A charter clause that no other bridge within a certain distance shall be built is protected, *The Binghamton Bridge*, 3 Wall., 51 (1865). A state may grant a subsequent charter though it use destroys the profits of a previous charter to another competing company, *Turnpike Company v. State*, 3 Wall., 210 (1865). A state authorizing a county to issue bonds to aid a railroad cannot afterward withdraw the taxation powers of a county to pay the bonds, *Van Hoffman v. City of Quincy*, 4 Wall., 535 (1866). *Furman v. Nichol*, 8 Wall., 44 (1868) is practically the same case as *Woodruff v. Trapnall*, *supra*. A charter exemption from taxation, the charter stating that the right to repeal or amend the charter should not exist, is an inviolable contract, *Home of the Friendless v. Rouse*, 8 Wall., 430 (1869), and *Washington University v. Rouse*, Id. 439. Under a reserved right to amend or repeal, the state may consolidate two college corporations, especially where the consolidation is accepted by the trustees of both, *Pennsylvania College Cases*, 13 Wall., 190 (1871). A charter exemption from taxation cannot be violated by a subsequent statute, *Wilmington Railroad v. Reid*, 13 Wall., 264 (1871). A bounty of money and of exemption from taxation to individuals or corporations manufacturing salt is repealable at any time, *Salt Company v. East Saginaw*, 13 Wall., 373 (1871). Foreign-held bonds, secured by a mortgage on a domestic railroad corporation, cannot be taxed by the state, *Case of the State Tax on Foreign-held Bonds*, 15 Wall., 300 (1872). Under the reserved power to amend or repeal, an exemption of a corporation from taxation may be repealed, *Tomlinson v. Jessup*, 15 Wall., 454 (1872). Upon the consolidation of two roads, the rights of exemption from taxation previously existing continue to apply to the property of each, but the exemption of one does not thereby extend to the property of the other. The consolidation makes no change as regards the exemptions, *Tomlinson v. Branch*, 15 Wall., 460 (1872). A statute giving to a municipality a certain representation in the board of directors of a railroad corporation, may, under the state's reserved right to amend or repeal, be changed giving the

Branch Bank *v.* Skelly,
 Bank *v.* State of Ohio,
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v. Beers, 2 Black., 448
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municipality a greater representation, *Miller v. State*, 13 Wall., 478 (1872). Corporations, building a bridge, may subsequently be required to build a fish dam for migratory fish, *Holyoke Co. v. Lyman*, 13 Wall., 500 (1872). An exemption of a corporation from taxation is inviolable, *Humphrey v. Pegues*, 16 Wall., 244 (1872). A state cannot direct the assets of an insolvent bank to be applied to the payment of state debts. The assets belong to the bank's creditors, *Barings v. Dabney*, 19 Wall., 1 (1873). An exemption of a corporation from taxation cannot be violated, *Pacific Railroad Company v. Maguire*, 20 Wall., 36 (1873). A creditor of a corporation, whose stockholders are individually liable, cannot hold individually liable the subscribers to new stock, issued after a constitutional amendment providing against individual liability, *Ochiltree v. Railroad Company*, 21 Wall., 249 (1874). An exemption of a corporation from taxation, granted by a gratuitous amendment to the charter is repealable, *Tucker v. Ferguson*, 22 Wall., 527 (1874). A vote of the county authorities making a railroad subscription and authorizing the issue of bonds therefor, under statutory power, is a contract and is not affected by a subsequent constitutional provision prohibiting such acts, even though the actual subscription was never made and the bonds were issued after the constitutional amendment, *County of Moultrie v. Rockingham, etc., Bank*, 92 U. S., 631 (1875). A license to a foreign corporation to do business does not prevent taxation of it, *Home Ins. Co. v. City Council*, 93 Wall., 116 (1876). The case, *West., etc., R'y Co. v. Supervisors*, 93 U. S., 595 (1876), is substantially the same as *Tucker v. Ferguson, supra*. The reserved right of the state to amend or repeal does not necessarily apply to subsequent amendments to previously existing charters. The legislature may, by implication, exclude the right to amend from a charter or charter amendment. So held in a tax case, *New Jersey v. Yard*, 95 U. S., 104 (1877). A change in the method of serving corporations with process is constitutional, *Railroad Co. v. Hecht*, 65 U. S., 168 (1877). Upon the consolidation of two corporations, both of the old ones are dissolved. Hence a provision of the new charter regulating rates is constitutional, *Shields v. Ohio*, 95 U. S., 319 (1877). A shortening of the statute of limitations relative to enforcing the statutory liability of stockholders is legal, *Terry v. Anderson*, 95 U. S., 628 (1877). An exemption from taxation upon payment of a certain tax is inviolable, *Farrington v. Tennessee*, 95 U. S., 679 (1877). An exemption of the capital stock from taxation does not exempt the tangible property of the corporation, *Railroad Co. v. Gaines*, 97 U. S., 697 (1878). The business transacted under a corporate charter is subject to the police

power of the state. Under the reserved power the legislature may pass any law affecting the powers of a corporation, *Beer Co. v. Massachusetts*, 97 U. S., 25 (1877). The agreement of the state to accept the notes of a bank in payment of taxes is irrevocable, *Keith v. Clark*, 97 U. S., 454 (1878). If the business of the corporation becomes a nuisance, it is not protected by its charter, *Fertilizing Co. v. Hyde Park*, 97 U. S., 659 (1878). The consolidation of two railroad corporations dissolves both of them and creates a new one. Exemptions of the old corporation from taxation are thereby lost, *Railroad Co. v. Georgia*, 98 U. S., 359 (1878). An exemption from taxation is inviolable, *University v. People*, 99 U. S., 209 (1878). Congress cannot repudiate its contracts any more than a state can, but under a reserved right it may amend a charter, *Sinking Fund Cases*, 99 U. S., 700 (1878). An issue of bonds by a municipality, voted before, but issued after a constitutional amendment prohibiting such, is valid, *Fairfield v. County of Gallatin*, 100 U. S., 47 (1879). Under its reserved power to amend a charter, the legislature may increase the license fees to be paid by a street car company to the city, *Railroad Co. v. Philadelphia*, 101 U. S., 528 (1879). The repeal of a law allowing suit to be brought against a state, is constitutional, though not providing for the enforcement of the judgment and though the debt sued on was incurred before the repeal, *Railroad Co. v. Tennessee*, 101 U. S., 337 (1879). An exclusive ferry privilege given by a county without legislative authority to a corporation does not prevent the granting of ferry privileges by the legislature, *Wright v. Nagle*, 101 U. S., 791 (1879). A lottery license for twenty-five years may be repealed before the expiration of that time. Charters are not protected by the above constitutional provision, but only the contracts of charters, *Stone v. Mississippi*, 101 U. S., 814 (1879). A statute validating irregularly issued municipal bonds is legal, *Thompson v. Perrine*, 103 U. S., 806 (1880). Statutory authority to issue bonds after a road has been built through a certain town is repealed by a constitutional prohibition against municipal subscription where the road was not built before the constitutional amendment, *Railroad Co. v. Falconer*, 103 U. S., 821 (1880). An exemption from taxation is protected by this constitutional provision, *Asylum v. New Orleans*, 105 U. S., 362 (1881). Under a reserved right to repeal a charter, the legislature may repeal a railroad charter, and transfer the public franchises to another corporation, upon due compensation being paid to the dissolved corporation, *Greenwood v. Freight Co.*, 105 U. S., 13 (1881). Under the reserved power any amendment may be made that does not defeat or impair the object of the charter, *Close v. Glenwood Cemetery*, 107 U. S., 466 (1882). An exemption from taxation cannot be given when

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 Fund Cases, 99 U. S.,
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 Glenwood Cemetery, 107
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the state constitution forbids it, *Louisville, etc., R. R. Co. v. Palmer*, 109 U. S., 244 (1883). Where a corporation is bankrupt, the legislature may authorize a vote of the bondholders on the question of recapitalization and reorganization without foreclosure, and may provide that those not voting be counted as voting affirmatively. A bondholder not voting within the prescribed time, cannot afterward enforce payment of interest on his original bonds, *Gilfillan v. Union Canal Co.*, 109 U. S., 401 (1883). By statute in Canada, a majority of railroad bondholders may bind the minority to a plan of recapitalization of a bankrupt road. The constitutional provision herein does not apply, *Canada Southern R. R. v. Gebhard*, 109 U. S., 527 (1883). Under the reserved power of amendment, the rates charged by a corporation may be regulated, *Spring, etc., Water-works v. Schöttler*, 110 U. S., 347 (1884). Where the corporation does not raise the constitutional question in the state court from which the appeal is taken, the supreme court of the United States has no jurisdiction herein, *Susquehanna, etc., Co. v. West, etc., Co.*, 110 U. S., 57 (1884). A legislature cannot take away a municipality's power of taxation so as to affect the payment of a judgment against the municipality, *Nelson v. St. Nelson's Parish*, 111 U. S., 716 (1883). Contracts protected herein are nevertheless subject to the police power of the state. Statutes protecting the public health or morals may vary the contract, *Butchers' Union Co. v. Crescent City Co.*, 111 U. S., 746 (1883). To same effect, see *New Orleans Gas Co. v. Louisiana Light Co.*, 115 U. S., 650 (1885), holding also that the constitutional prohibition applies to changes by state constitutions as well as by statutes. An exclusive gas privilege is protected even against a prior general statute reserving the right to repeal all charters, it appearing that the particular charter contained words implying such protection, *Louisville Gas Co. v. Citizens Gas Co.*, 115 U. S., 683 (1885). An exemption of the corporation from taxation, may be so worded as to exempt also the shares of stock, *New Orleans v. Houston*, 119 U. S., 265 (1886). An exclusive privilege relative to water-works is protected, *Tammany Water-works v. New Orleans Water-works*, 120 U. S., 64 (1886). A state constitution itself is not a contract protected against change, *Church v. Kelsey*, 121 U. S., 262 (1886). A contract is not protected herein against statutes passed previous to the formation of the contract, *Lehigh Water Co. v. Easton*, 121 U. S., 388 (1886). A statute which repeals a judicial remedy for enforcing payment of municipal bonds to a railroad, the remedy being in existence when the bonds were issued, is void, *Seibert v. Lewis*, 122 U. S., 284 (1886). Where a charter granted a monopoly, with a few exceptions, and a city was left to apply the exceptions, a decision of the state courts that

the city had properly applied the exceptions cannot be reviewed by the supreme court of the United States, *New Orleans, etc., v. Louisiana, etc., Co.*, 125 U. S., 18 (1888).

§ 50. Congress shall have power "to regulate commerce with foreign nations, and among the several states," Art. I., § 8.—A bridge across the Ohio river, without being authorized by Congress, although authorized by the state of Virginia, is, if it actually interferes with navigation, a nuisance and may be abated, *State of Pennsylvania v. Wheeling, etc., Bridge Co.*, 13 How., 518 (1851). But a subsequent Act of Congress legalizing such a bridge removes all objection to it, 18 How., 421 (1855). The court will not necessarily enjoin the building of a bridge over a navigable stream, even though Congress has not authorized it, *Gilman v. Philadelphia*, 3 Wall., 713 (1865). See, however, on the same subject, *The Passaic Bridge*, 3 Wall., 782. A tax on every passenger carried out of the state is held to be invalid as interfering with the performance of the functions of the federal government, *Crandall v. State of Nevada*, 6 Wall., 35 (1867). The regulation by the state of foreign insurance corporations is not a regulation of commerce, *Paul v. Virginia*, 8 Wall., 168 (1868). The taxation by the state of a corporation incorporated by it, and also incorporated by the United States is legal, *Thomson v. Pacific Railroad Co.*, 9 Wall., 579 (1869). Insurance business by foreign companies may be regulated by a state, *Liverpool Ins. Co. v. Massachusetts*, 10 Wall., 566 (1870). A state tax of railroad corporations levied on every thousand pounds of freight transported is unconstitutional, as regards that part of the freight which goes out of the state or is brought into the state, *State Freight Tax Case*, 15 Wall., 232 (1872). But the state may tax the gross receipts of railroads, even though such receipts are partly from inter-state traffic, *State Tax on Railway Gross Receipts*, 15 Wall., 284 (1872), *cp. sub.* A city license fee exacted from corporations transporting goods beyond the state, greater than the city license fee for companies transporting goods within the state is constitutional, *Osborne v. Mobile*, 16 Wall., 479 (1872). A state may require railroads running into it to annually fix and post its rates, *Railroad Co. v. Fuller*, 17 Wall., 560 (1873). A state tax on a railroad corporation measured by the actual value of such proportion of its shares of stock as the length of the road in the state bears to the whole length of the road, is constitutional, *Delaware Railroad Tax*, 18 Wall., 206 (1873). A railroad contract with the owner of an elevator to give the latter certain business is not abrogated by reason of an Act of Congress which enables the former to dispense with the elevator, *Railroad Co. v. Richmond*, 19 Wall., 584 (1873). A

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charter provision that the railroad should pay to the state one-fifth of its receipts from passenger traffic is constitutional even though the road runs into another state and obtains part of said proceeds therefrom, *Railroad Co. v. Maryland*, 21 Wall., 456 (1874). The Act of Congress relative to telegraph companies prevents a state from giving a monopoly of telegraph business in the state to one company, *Pensacola Tel. Co. v. West*, etc., Tel. Co., 96 U. S., 1 (1877). Vessels plying between states may be taxed in the state of the corporation owning them, *Transportation Co. v. Wheeling*, 99 U. S., 273 (1878). A municipal corporation owning wharves may charge wharfage therefor, though the wharves accommodate inter-state commerce, *Packet Co. v. St. Louis*, 100 U. S., 423 (1879), *Vicksburg v. Tobin*, Id. 430. But there must be no discrimination against the commerce from other states, *Guy v. Baltimore*, Id. 434. A state tax on each message received or sent out by a telegraph company is unconstitutional, *Telegraph Co. v. Texas*, 105 U. S., 460 (1881). A municipality may forbid vessels landing at any except municipal wharves, *Packet Co. v. Catlettsburg*, 105 U. S., 559 (1881). Reasonable wharfage may be demanded by a city for the use of its wharves, *Transportation Co. v. Parkersburg*, 107 U. S., 691 (1882). A state statute prohibiting foreign corporations from doing business in the state unless a certificate is filed, etc., does not prevent the collection of a debt for machinery delivered by the foreign corporation to parties in the state, *Cooper Manufacturing Co. v. Ferguson*, 113 U. S., 727 (1884).

Inter-state commerce is exclusively within the control of Congress. A state tax on a ferry corporation, the ferry being inter-state, is unconstitutional, if it amounts to a tax on the receiving and landing. The state may collect moneys only as compensation for property employed, or facilities for using it, or by an ordinary tax on property, *Gloucester Ferry Co. v. Pennsylvania*, 114 U. S., 196 (1884). A state tax of \$50 per car per annum on passenger coaches, run over railroads in the state, is unconstitutional so far as it applies to coaches run from or into other states, or across the state, and owned by a foreign corporation, though leased to the railroads, *Pickard v. Pullman Southern Car Co.*, 117 U. S., 34 (1885); *Tennessee v. Pullman Southern Car Co.*, Id. 51. A state statute forbidding railroads to charge more for a short haul than for a long haul is unconstitutional, so far as it applies to hauls beyond the state, *Wabash, etc., Railway Co. v. Illinois*, 118 U. S., 557 (1886). A state tax upon the gross receipts of a foreign transportation company is void, as interfering with inter-state commerce, where the gross receipts included receipts for carrying freight, into, out of, and across the state, *Fargo v. Michigan*, 121 U. S., 230 (1887). So also of a tax on a steamship company's

gross receipts, where the traffic was inter-state and with foreign countries, *Philadelphia Steamship Co. v. Pennsylvania*, 122 U. S., 326 (1887); questioning State Tax, etc., 15 Wall., 284 *supra*. A state regulation of inter-state telegraphic communication is unconstitutional, *Western U. Tel. Co. v. Pendleton*, 122 U. S., 347 (1887).

A statute requiring railroad engineers to be examined for color blindness is constitutional, *Smith v. Alabama*, 124 U. S., 465 (1887); *Nashville, etc., Railway v. Alabama*, 128 U. S., 96 (1888). A bridge across a navigable river is legal when authorized by a state, although Congress has not authorized it, there being no Act of Congress prohibiting it, *Willamette, etc., Co. v. Hatch*, 125 U. S., 1 (1888). A statute which prohibits the bringing of liquor into a state, with certain exceptions, is void, *Bowman v. Chicago, etc., Railway*, 125 U. S., 465 (1888). A statute authorizing an injunction against a telegraph company from operating its wires until a tax is paid is void if the wires are used on post roads, *Western, etc., Co. v. Massachusetts*, 125 U. S., 530 (1888). A telegraph company doing an inter-state business cannot be compelled to pay a license fee in order to do business within a state, *Leloup v. Mobile*, 127 U. S., 640 (1888). A state may tax a telegraph company on its receipts from telegrams given and delivered within the state, but not on inter-state telegrams, *Ratterman v. Western U. Tel. Co.*, 127 U. S., 411 (1888). A state tax levied upon the franchise of a railroad corporation which is chartered by the federal government, and which runs through several states, is unconstitutional, *California v. Central Pac. Railroad Co.*, 127 U. S., 1 (1888).

§ 51. "The citizens of each state shall be entitled to all privileges and immunities of citizens in the several states," Art. IV., § 2.—A corporation is not a "citizen" in the sense here used, and this provision confers no rights upon a corporation, *Pembina Mining Co. v. Pennsylvania*, 125 U. S., 181 (1888). So held where a state prohibited foreign insurance companies from doing business unless licensed by the state, *Paul v. Virginia*, 8 Wall., 168 (1868). Also where a license fee and payment to cities of a percentage of premiums received were required, *Ducat v. Chicago*, 19 Wall., 410 (1870). See also, *Liverpool Ins. Co. v. Massachusetts*, 10 Wall., 566 (1870); *Philadelphia Fire Association v. New York*, 119 U. S. 110; *Doyle v. Continental Ins. Co.*, 94 U. S., 535, (1876); *Cooper Manufacturing Co. v. Ferguson*, 113 U. S., 727 (1875).

§ 52. The United States courts have jurisdiction of cases arising between citizens of different states, and between citizens and foreign states, and between citizens and citizens or subjects of foreign states, Art. III., § 2.

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See also Amendments, Art. XI.—In the early case, *Bank of United States v. Deveraux*, 5 Cranch., 61 (1809) the supreme court of the United States held, per Marshall, C. J., that the citizenship of a corporation depended not on the place where it was incorporated, but on the citizenship of its various stockholders. But this decision was subsequently overruled and is no longer the law. As regards the right of a corporation to sue or be sued in the federal courts, a corporation is now held to be a citizen of the state which incorporated it, *Railway Co. v. Whitton's Admin.*, 13 Wall., 270 (1871); *Louisville, etc., Railroad v. Letson*, 2 How., 497 (1844); *Marshall v. B. & O. Railroad*, 16 Id., 314 (1853); *Covington, etc., Co. v. Shepherd*, 20 Id., 227 (1857); *Cowles v. Mercer County*, 7 Wall., 118 (1868); *Express Co. v. Kountze Bros.*, 8 Id., 342 (1869); *Insurance Co. v. Morse*, 20 Id., 445 (1874). If a corporation is incorporated in two states it consists of two corporations, one in each state, Ohio, etc., *Missouri Railroad v. Wheeler*, 1 Black., 286 (1861). See *Cook on Stock and Stockholders and General Corporation Law*, § 697.

An agreement of a foreign corporation, as a condition of its being allowed to do business in the state, that it will not remove cases from the state to the United States courts is not binding, *Insurance Co. v. Morse*, 20 Wall., 445 (1874). But in case the corporation violates such agreement, the state may then forbid its doing any further business, *Doyle v. Continental Ins. Co.*, 94 U. S., 535 (1876). See also *Barron v. Burnside*, 122 U. S., 186 (1886), to the effect that the agreement not to remove is void.

Congress has enacted various statutes defining the cases in which suits may be instituted in or removed to the federal courts, see *Cook on Stock and Stockholders and General Corporation Law*, §§ 757-758.

When a corporation is created by Congress itself, Congress may give or take away from the federal courts jurisdiction of the suits in which that corporation may be a party. This is constitutional, since the case arises under the law of the United States which grants the charter, *Osborne v. United States Bank*, 9 Wheat., 738 (1824), where jurisdiction was given to the federal courts, see also *Kennedy v. Gibson*, 8 Wall., 498 (1869), relative to national banks. By amendment of the national banking act in 1882 and 1888, such banks are, for purposes of litigation, now considered citizens of the state wherein they are located, *National Park Bank v. Nichols*, 4 Bin., 315 (1869); *Manufacturers' National Bank v. Baack, Blatch.*, 137 (1871); *St. Louis, etc., Bank v. Allen*, 5 Fed. Rep., 551 (1881). The various Pacific railroads incorporated by the United States may bring suit in or remove them to the federal courts, *Pacific Railroad Removal Cases*, 115 U. S., 1 (1884); *United States v. Union Pacific Railroad Co.*, 98 U. S., 569 (1878); U. S. Rev. Stat., § 640; *Kain v.*

v. Texas Pacific Railroad Co., 3 Cent. L. J., 12 (1875); *Yard v. Durant*, 4 Cliff., 113 (1869); *Fisk v. U. P. Railroad Co.*, 6 Blatch., 362 (1869); *Ames v. Kansas*, 111 U. S., 449 (1883); *Hughes v. Northern Pacific Railroad Co.*, 18 Fed. Rep., 106 (1883); *Southern Pacific Railroad Co. v. California*, 118 U. S., 109 (1886).

§ 53. No state shall "deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws." Amendments Art. XIV., also Art. V.— This provision is often invoked by corporations, in connection with the provision against impairing the obligation of contracts. The following decisions have been made:

Statutes reducing railroad rates are constitutional, *Munn v. Illinois*, etc., Railroad, 94 U. S., 113 (1876); see also the remaining cases in that volume, which together are called "The Granger Cases." The taxation of railroads by apportionment among the municipalities through which they run is not prohibited by the above amendment, *State Railroad Tax Cases*, 92 U. S., 575 (1875). It is constitutional for a municipal corporation to levy taxes for the draining of swamps, *Davidson v. New Orleans*, 96 U. S., 97 (1877), a case which fully discusses the meaning of "due process of law." Validating investments by foreign corporations does not deprive the borrower of property "without due process of law," *Gross v. U. S. Mortgage Co.*, 108 U. S., 477 (1883). As further illustrative of the exercise of the police power of the state, in reference to corporations, see *Slaughter House Cases*, 16 Wall., 36 (1872), upholding a monopoly given to a corporation, and also passing upon the application of the amendments to the United States Constitution; *Bartemeyer v. Iowa*, 18 Wall., 129 (1873), holding that a state may prohibit the sale of liquors, but *quære* as to the effect of the constitutional amendment, in the case of liquors on hand at the time of the state prohibitory act; to same effect, *Beer Co. v. Massachusetts*, 97 U. S., 25 (1877). The legislature, under its police power, may regulate slaughtering, even though it has contracted not to do so, *Butchers' Union Co. v. Crescent City Co.*, 111 U. S., 746 (1883). The legislature may compel railroads to build fences and may prescribe double penalties for omission, *Missouri Pacific Railway Co. v. Hanes*, 115 U. S., 512 (1885). See also *Cook on Stock and Stockholders and General Corporation Law*, § 675. Under its general legislative powers the legislature may regulate water rates, *Spring Valley, etc., Works v. Schottler*, 110 U. S., 347. Prohibitory laws are constitutional, *Foster v. Kansas*, 112 U. S., 201 (1884); *Mugler v. Kansas*, 123 U. S., 623 (1887). Allowing property to be taken on condemnation for mill race overflow purposes is constitutional, *Head v. Amoskeag*

(1875); *Yard v. Durant*,
6 Blatch., 362 (1869);
Hughes v. Northern Pacific
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1884); *Mugler v. Kansas*,
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Constitutional, *Head v. Amoskeag*

Manufacturing Co., 113 U. S., 9 (1884). It is constitutional to tax rail-
road property differently from other classes of property, *Kentucky*
Railroad Tax Cases, 115 U. S., 321 (1885). The legislature may regu-
late railroad rates, unless the right has been clearly granted away; may
authorize commissioners to regulate rates, and may require fences to be
built, *Railroad Commission Cases*, 116 U. S., 307, 347, 352 (1886).
A state tax levied on railroad property not specified in the taxation
statute is void under this provision of the United States constitution,
Santa Clara County v. Southern Pacific Railroad Co., 118 U. S., 394
(1885). This constitutional provision does not prevent a state from
imposing a tax on a foreign insurance company for doing business in
the state, inasmuch as the corporation is not admitted into the state until
it pays the tax, *Philadelphia Fire Association v. New York*, 119 U. S.,
110 (1886). But a corporation is a "person" in the meaning of this
provision, *Pembina Mining Co. v. Pennsylvania*, 125 U. S., 181 (1888),
holding, however, that a state may regulate the right of foreign corpora-
tions to do business in the state. A reduction of railroad rates is consti-
tutional although the rate is to vary according to the length of the road
and results in disastrous loss to the railroads, *Dow v. Beidelman*, 123 U.
S., 680 (1888).

A statute rendering railroads liable to their employes for injuries
caused by the negligence of their fellow servants is constitutional,
Missouri Pacific Railway Co. v. Mackey, 127 U. S., 205 (1888). So also
is a statute rendering a railroad liable for double the value of stock killed
by it, *Minneapolis, etc., Railway Co. v. Beckwith*, 129 U. S., 26 (1889),
holding also that corporations are "persons" within the meaning of
the above constitutional provisions.

§ 54. Corporations created by the United States.—The constitutional
power of the federal government to create a corporation has been a
political as well as a judicial question. The United States Bank, through
the influence of Alexander Hamilton, was chartered by the federal
government in 1791, and was re-chartered in 1816. The constitutionality
of these charters was vigorously attacked by the Democratic party,
and in 1833 President Jackson vetoed and defeated a third charter
to such an institution. A similar charter was vetoed by President Tyler
in 1841. The advent of the Republican party to power, and the outbreak
of the civil war, brought new political ideas into force. The result has
been that the federal government has granted many charters to two classes
of enterprises—national banks and railroads running into two or more
states. In 1862 Congress chartered the Union Pacific Railroad Co.
(12 Stat. at Large, 489). In 1864 Congress chartered the Northern Pa-

cific Railroad Co.; in 1866 the Atlantic & Pacific Railroad Co.; in 1871 the Texas Pacific Railway Co.; and other charters have been granted. The incorporation of national banks was authorized by a general statute passed in 1863.

In an early decision by Chief Justice Marshall, the legality of the charter of the United States Bank was upheld, *McCulloch v. State of Maryland*, 4 Wheat., 316 (1819); see to same effect, *Osborn v. U. S. Bank*, 9 Wheat., 738 (1824). The constitutionality of the present national bank charters has also been upheld, *Farmers', etc., National Bank v. Dearing*, 91 U. S., 29 (1875); *Legal Tender Case*, 110 U. S., 421, 445 (1883).

Congress has power to create corporations in the District of Columbia, *Hadley v. Freedman's Savings, etc., Co.*, 2 Tenn., ch. 122 (1874); *Williams v. Creswell*, 51 Miss., 317 (1876); *Daly v. National Life Ins. Co.*, 64 Ind., 1 (1878).

A railroad incorporated by the United States may be compelled by mandamus to perform its duties, *Union Pacific Railroad Co. v. Hall*, 91 U. S., 343 (1875), supreme court below, 3 Dill., 515. It is well settled that a corporation incorporated by the United States is exempt from the operation of state laws, so far as those laws affect the corporation in its use as an instrument of government by the United States, *Farmers', etc., National Bank v. Dearing*, 91 U. S., 29 (1875). Such also is the rule in regard to state usury laws, and state taxation of such corporations, see *Railroad Co. v. Peniston*, 18 Wall., 5 (1873); *National Bank v. Commonwealth*, 9 Wall., 353 (1869); *Thomson v. Pacific Railroad*, 9 Wall., 579 (1869); and *Cook on Stock and Stockholders and General Corporation Law*, § 569.

§ 55. **National Banks.**—By the National Banking Act, the articles of association may contain any "provisions, not inconsistent with law, which the association may see fit to adopt for the regulation of its business and the conduct of its affairs," § 5133, Rev. Stat. of U. S. Incorporation is by filing a certificate, under the general incorporating act, § 5135. The corporation shall exist for twenty years, unless the articles of association or two-thirds in interest of the stockholders prescribe otherwise. The corporation may at any time change its officers. It shall not commence business until authorized to do so by the comptroller of the currency, § 5136. It shall not take a mortgage on real estate. It shall not hold real estate taken on a debt, for over five years, § 5137. The capital is to be \$50,000 or over if in a city of less than 6,000 population; \$100,000 or over if less than 50,000; \$200,000 or over if over 50,000 people, § 5138. Fifty per cent of the capital stock is to be paid in upon organization, and ten per

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cent on or before each succeeding five months, § 5140. It may re-
duce the capital stock on a two-thirds vote of all the stock, § 5143.
No stockholder who has failed to pay calls on his stock shall vote
at elections, § 5144, see 36 Fed. Rep., 246. There must be five or
more directors. They hold office for one year, § 5145. Directors
must be citizens of the United States; three-fourths must have been resi-
dents of the state for a year; and each must own ten or more shares of
stock, § 5146. The directors must take an oath, § 5147. Stock-
holders are liable for corporate debts to an amount equal to and in
addition to the subscriptions for their stock, § 5151. Executors,
administrators, guardians and trustees are not liable on stock,
but the trust fund is liable, § 5152. The deposit of United
States bonds owned by the national bank, with the United States
treasurer, as security that the bank will redeem the paper money
that the national banking act authorizes it to issue, is a sub-
ject of minute regulation, see §§ 5157, etc. For usury the bank
forfeits the interest, and if the interest is already paid, twice its amount
may be recovered back, § 5198. Before a dividend is declared, one-
tenth of the profits are to be added to the surplus fund, until the
latter is twenty per cent of the capital, § 5199. The bank shall
not purchase or loan on the security of its own stock, § 5201. In case
of impairment of capital stock, the stockholders must be assessed to re-
place it, § 5205. Five reports are to be made during each year,
§ 5211. Shares of stock in national banks may be taxed by the states,
§ 5219. The comptroller may appoint a receiver of a bank, whenever
he is satisfied that it is insolvent, Act of June 30, 1876, § 1. National
banks are citizens of the state where they are located, so far as
litigation is concerned, ch. 373, Acts of 1887. They may increase
their capital stock upon a two-thirds vote in interest of the stock,
ch. 73, Acts of 1886. Upon the expiration of the bank charter, the
charter may be renewed by two-thirds in interest of the stock, but dis-
senting stockholders must be bought out at an appraised valuation of
their stock, ch. 290, Act of 1882. For purposes of suit, a national bank
is a citizen of the state in which it is located, ch. 866, § 4, L. 1888.

§ 56. **The Inter-State Railway Act.**—By Act of Congress February
4, 1887, commonly called "The Inter-State Act," all railroads running
from one state into another, were rendered subject to the following
provisions: Railroad charges are to be reasonable. Discriminations
between persons are prohibited. So, also, are discriminations between
localities or kinds of traffic. Railroads must give equal facilities
to all connecting lines. Greater charges, under substantially similar

circumstances and conditions for a shorter than for a longer distance over the same line, in the same direction, the shorter being included within the longer distance, are prohibited. Pools between competing roads are prohibited. Ten days' notice must be given of advances in rates. Free passes are prohibited. Five commissioners are appointed by the President of the United States, with the concurrence of the Senate, to apply the law. The powers, duties and functions of this commission, however, are somewhat limited, see 37 Fed. Rep., 567. By the act of March 3, 1889, amendments were made requiring three days' notice of reductions in rates; railroad officials are made subject to imprisonment as well as fines for violation of the act, and shippers are made liable also for inducing a violation.

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CHAPTER IV.

STATUTORY PROVISIONS IN ENGLAND, CANADA, FRANCE AND GERMANY, IN REGARD TO CORPORATIONS.

§ 57. England.	§ 62. Ontario.
58. Canada.	63. British Columbia.
59. Quebec.	64. France.
60. Nova Scotia.	65. Germany.
61. New Brunswick.	

§ 57. **ENGLAND. Constitutional Provisions.**—It is, perhaps, unnecessary to state that England has no written constitution similar to that of the United States and the various States of the Union. Certain grants of the Crown such as Magna Charter, the Petition of Rights, the Bill of Rights, and certain Parliamentary Acts, such as the Habeas Corpus Act, may be said to constitute the written constitution of England. But there are no constitutional provisions specially affecting corporations.

Miscellaneous Corporations.—A thorough study of the English acts authorizing the incorporation of companies gives valuable information and suggestions concerning corporations. These statutes were carefully framed. They grew gradually out of the necessities of business. They form a corporation code in themselves, and they regulate corporations in many particulars, where the American statutes are silent and leave the subject to the common law and the decisions of the courts. The most important of the provisions are here referred to.

The general incorporating act is called "The Companies Act, 1862" (ch. 89, L. 1862), and its various amendments. Seven or more may incorporate for any lawful purpose with or without a limited liability. The amount of liability may be fixed by the memoranda of association which correspond to the American articles of incorporation, § 7. If the liability is limited the word "limited" is to be affixed to the company's name, § 8. The articles of association, i. e., by-laws, may be recorded. If no by-laws are enacted, certain by-laws specified in the statute shall apply, § 15. The by-laws are to be signed by each member, § 16. No notice of any trust of stock shall be received or accepted by the company, § 30. The register of members shall be open to inspection, § 32. The register may be closed by the company for thirty days, § 33. A person refused registry may have his right determined by a motion in a court; and the court may order any rectification of the

registry, on such motion by an aggrieved party, § 35. Transferers are not liable upon the insolvency of the company, if the transfer was a year previous thereto. The liability of members is fixed by the articles of incorporation. Corporate contracts may be made relieving the members from liability, § 38. Banking and insurance companies may be incorporated hereunder, and must publish statements, § 44. If the members become less than seven, and remain so for a certain time, the members are liable as partners, § 48. The charter and by-laws may be amended, § 50. Every member has one vote, unless there is a provision otherwise, § 52. Elaborate provisions are made as to the winding up of companies, §§ 74-173.

A complete and skillfully drawn set of by-laws are appended to the statute. Any company is at liberty to accept and adopt these by-laws or to enact different ones. But unless the company otherwise elects the following by-laws shall be its by-laws. (See "First Schedule," ch. 89, L. 1862.) If several own stock jointly, any one may receive the dividend. Paid-up shares may be converted into stock. One-fifth in number of the members may cause a meeting to be held. Notice of the time, place and special business of all meetings must be given. "All business shall be deemed special that is transacted at an extraordinary meeting, and all that is transacted at an ordinary meeting, with the exception of sanctioning a dividend and the consideration of the accounts, balance sheets, and the ordinary reports of the directors." "Every member shall have one vote for every share up to ten; he shall have an additional vote for every five shares beyond the first ten shares up to one hundred, and an additional vote for every ten shares beyond the first hundred shares." If stock is owned jointly, the first name on the register votes it. Stock must have been owned for three months before an election in order to be voted. A form of proxy is given. A book stating the condition of the corporation is to be open to inspection. Directors may be removed by the stockholders. Many other provisions are contained in this statute.

In 1867 the above act was amended by "The Companies Act, 1867," ch. 131, L. 1867. By its provisions the liability of directors in a limited company may be made unlimited, §§ 4-8. Stock subscribed for is to be paid for in cash, "unless the same shall have been otherwise determined by a contract duly made in writing, and filed with the registrar of joint stock companies at or before the issue of such shares," § 25. Transfers are made on the application of the transferer, the same as if made by the transferee, § 26. The company is liable for making transfers without the delivery of the share warrant, i. e., certificate of stock, § 29. Upon the issue of the warrant, the holder's name is

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stricken out of the list of members of the company, § 31. But the by-laws may permit the holder to have the privileges of membership, except that of holding office, § 30. "Every prospectus of a company, and every notice inviting persons to subscribe for shares in any joint stock company shall specify the dates and the names of the parties to any contract entered into by the company, or the promoters, directors or trustees thereof, before the issue of such prospectus or notice, whether subject to adoption by the directors or the company or otherwise, and any prospectus or notice not specifying the same shall be deemed fraudulent on the part of the promoters, directors and officers of the company, knowingly issuing the same as regards any person taking shares in the company on the faith of such prospectus, unless he shall have had notice of such contract," § 38. Unlimited companies may change to limited companies, ch. 76, L. 1879. Stockholders in banks are always liable for outstanding bank notes, Id. For other minor amendments see ch. 104, L. 1870; ch. 26, L. 1877; ch. 19, L. 1880; ch. 28; L. 1883.

Re-organizations of insolvent companies may be had without the foreclosure of the mortgages by a plan adopted by a three-fourths vote of the creditors approved by a court, ch. 104, L. 1870.

"A company limited by guarantee" is where the members agree to pay a specified sum to liquidate corporate debts, upon a winding up, see ch. 89, L. 1862, Form B. Such companies may or may not have a capital stock, see Id., Form C.

The stannaries means the stannaries of Devon and Cornwall, and include both counties. The stannaries court is a court in those two counties only. All actual working mines within the jurisdiction of the stannaries are subject to the jurisdiction of that court. See the Stannaries Act, ch. 19, L. 1869.

As to cost-book companies, see Cook on Stock and Stockholders and General Corporation Law, ch. 29.

Previous to 1862 no general incorporating act existed in England. Special charters were granted. These special charters contained many provisions which were the same in each charter. Hence in 1845 (ch. 16, Acts of 1845), a statute was passed collecting and containing certain provisions which were common to most of the special acts of incorporation passed previously. This act was called "The Companies' Clauses Consolidation Act, 1845," and was not for the purpose of allowing incorporations under it, but for the purpose of avoiding the necessity of repeating such provisions in future special acts of incorporation and also for assuring uniformity in the provisions themselves. Many of the provisions in the Canadian corporation statutes,

and also in the English Companies Act of 1862, are taken from this act. Some of its provisions are to the following effect : A transfer of shares by death, bankruptcy, insolvency or marriage, or otherwise than by the usual transfer, must be proved to the company by certain papers, § 18. Trusts need not be protected by the company. One joint owner of stock may receive dividends, § 20. Interest is to be paid on unpaid calls, § 23. Interest may be allowed on subscriptions paid before calls, § 24. After execution returned unsatisfied against the corporation, the court may order the debt to be collected from any stockholder owing subscriptions, § 36. Shares in an increased capital stock are to be offered to old stockholders before being sold to the public, § 58. Paid-up shares in the capital of the company may be converted into "a general capital stock," § 61. Stock may be transferred in large or small quantities, § 62. Stockholders are entitled to the same rights of voting and dividends that shareholders have, § 64. One-tenth in interest of shareholders may call a meeting, § 70. Voting is the same as provided in Companies' Act, *q. v.*, "at all general meetings," § 65. The powers of meetings of the shareholders are stated to be "the choice and removal of the directors * * * and the increasing or reducing of their number, * * * the choice of auditors, the determination as to the remuneration of the directors, auditors, treasurer and secretary, the determination as to the amount of money to be borrowed on mortgage, the determination as to the augmentation of capital and the declaration of dividends," § 91. Directors may delegate their powers to a committee, § 95. Directors may set apart profits "to meet contingencies, or for enlarging, repairing or improving the works," § 122. Preferred stock is not entitled to arrearages of preferred dividends, *ch. 118, Acts of 1863, § 14*. Debenture stock may be issued on a three-fifths vote, § 22. Debenture stock bears interest ; is inferior to mortgages and bonds ; but is superior to common or preferred shares or stock, § 24. A specified proportion of debenture holders may enforce payment of interest, § 25. Debenture stock is transferable, like certificates of stock, § 29. Debenture stock is not entitled to vote, nor to repayment of the money which it represents. It is entitled to interest only, § 31. Money raised by debenture stock can be applied only to the purposes for which money raised by mortgage can be applied, § 32.

Railroads.—Two striking peculiarities characterize the English railway laws. One is that no general incorporating act exists—a special charter being necessary. By this plan, the paralleling of lines, and the construction of useless new ones, are prevented, but a large Parliamentary expense is incurred, and new and legitimate roads are constructed with difficulty. The second peculiarity of the English railway law is, that rail-

52, are taken from this act. Effect : A transfer of shares, or otherwise than by the company by certain papers, § 18. One joint owner of it is to be paid on unpaid subscriptions paid before calls, against the corporation, the from any stockholder owing d capital stock are to be to the public, § 58. Paid- be converted into "a gen- nsferred in large or small to the same rights of voting One-tenth in interest of ing is the same as provided tings," § 65. The powers of "the choice and removal of or reducing of their num- determination as to the re- rer and secretary, the de- be borrowed on mortgage, capital and the declaration te their powers to a com- ts "to meet contingencies, works," § 122. Preferred eferred dividends, ch. 118, be issued on a three-fifths ; is inferior to mortgages eferred shares or stock, § 24. s may enforce payment of ble, like certificates of stock, te, nor to repayment of the interest only, § 31. Money ly to the purposes for which

32. characterize the English rail- ing act exists—a special char- alleling of lines, and the con- d, but a large Parliamentary e roads are constructed with English railway law is, that rail-

way mortgages cannot be foreclosed. The creditors, by a certain vote, approve a plan of reorganization, and this plan, when approved also by a court, is binding on all parties concerned.

By ch. 20, Acts of 1845, certain provisions, usually inserted in acts, authorizing the construction of railways, were enacted as a general statute, for the purpose of convenience in embodying them in subsequent special charters. This statute was called "The Railway Clauses Consolidation Act, 1845." It provides for laying out the route, for damages for land, and various other matters. By ch. 120, Acts of 1864, called "The Railway Companies' Powers Act, 1864," provision is made for the granting of additional charter powers to existing railway companies. An increase of the capital stock is therein provided for. Chapter 121, Acts of 1864, called "The Railways' Construction Facilities Act, 1864," provides for the incorporation of a railway company, in cases where the right of way has been secured by contract in advance of incorporation. Chapter 127, Acts of 1867, called "The Railway Companies' Act, 1867," applies to such companies generally. It provides that where a railway is unable to meet its obligations, it may file, with a court of chancery, a plan for recapitalization. All suits may thereby be stopped. The plan is binding on all the bondholders, when three-quarters in interest assent. So also where three-quarters of the debenture stockholders, rent-charge holders, and preferred stockholders assent. Assent by a meeting of the ordinary stockholders suffices. The same rule applies to an assent by the lessee of the railway. The court may then confirm, and the effect is the same as an Act of Parliament. The power to issue debenture stock is to be the same as in the Companies Clauses Act of 1863. Chapter 119, Acts of 1868, called "The Regulation of Railways Act, 1868," provides that when a three per cent dividend on ordinary stock has been paid, the ordinary stock may be divided into two kinds of stock: preferred ordinary, and deferred ordinary, each one-half in amount of the old ordinary. The preferred ordinary is to be entitled to a maximum non-cumulative dividend of six per cent. Various other matters are regulated by this statute. Chapter 19, Acts of 1870, amends the Act of 1864, so as to allow those opposing an application therein to be heard.

England, by many statutes, has regulated railway charges, and discriminations. The "Railway and Canal Traffic Act" (ch. 25, L. 1888), collects, changes, and re-enacts these various provisions, and is of great value as corresponding to the American "Inter-state Commerce Act" of 1887.

Taxation.—The fee for the incorporation of a joint stock company is \$10, where the capital is \$10,000, or less, ch. 89, L. 1862, Table

B. A small additional sum is charged when the capital is larger, *Id.* By ch. 51, L. 1885, §11, an annual stamp tax of five per cent is levied "upon the annual value, income or profits" of corporations, less "all necessary outgoings, including the receiver's remuneration, and costs, charges, and expenses properly incurred in the management of such property." A tax is also levied upon dividends, *Id.* § 26. Under 2 and 3 Will., iv., ch. 120, railways paid a tax of one-half penny per mile, for every four passengers carried. Subsequently, the treasury board were given power to reduce this rate, in such cases as they thought best, and the tax has been modified so as to yield only 1.6 per cent on the total gross sum derived by the railways from the passenger traffic. See *Jeans on Railway Problems*, ch. 12 (1887.) Railways also pay heavy general and local rates and taxes. Under Acts 21 and 22 Vict., ch. 97, they are assessed for rates levied under the Public Health Act, *Id.* 170. By the "Cheap Trains Act, 1883," ch. 34, Acts of 1883, the tax on passenger fares is reduced or abolished, so far as it applies to the lower classes of fares.

§ 58. CANADA.—By the "British North American Act" (ch. 3, Laws 1867, 30 and 31 Vict.), England established a government in Canada, very similar in its structure to the American government. Canada was divided into four provinces, Ontario, Quebec, Nova Scotia and New Brunswick. Manitoba was admitted in 1870, British Columbia in 1871, Prince Edward Island in 1873. Over and above all these there exists a federal government, very similar in its powers and functions to the American national government. Newfoundland is still a self-governing Crown colony. The Northwest Territories and District of Keewatin are under the jurisdiction of the Canadian government. See ch. 25, L. 1880.

As regards corporations, the Canadian federal government has power to incorporate and control all banks, and interprovincial railways, canals, etc. The provinces, on the other hand, have the power to incorporate all companies having provincial objects (§§ 91, 92, British North American Act, *supra*).

Miscellaneous Corporations.—By ch. 119, Rev. Stat. of Canada, 1886, five or more may apply to the Governor in Council for a charter, for any purpose "to which the legislative authority of the Parliament of Canada extends, except the construction and working of railways, or the business of banking and the issue of paper money, or the business of insurance." Notice of the application must be published. The capital of loan companies cannot be less than \$100,000. A majority of the directors must be residents in Canada. One-half of the capital

the capital is larger, Id. of five per cent is levied of corporations, less "all remuneration, and costs, the management of such funds, Id. § 26. Under 2 and one-half penny per mile, for ly, the treasury board were as they thought best, and ly 1.6 per cent on the total passenger traffic. See Jeans ways also pay heavy general and 22 Vict., ch. 97, they lic Health Act, Id. 170. Acts of 1883, the tax on ar as it applies to the lower

th American Act" (ch. 3, established a government in the American government. ntario, Quebec, Nova Scotia ed in 1870, British Colum- Over and above all these ilar in its powers and func- t. Newfoundland is still a vest Territories and District f the Canadian government.

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stock is to be taken before incorporation and ten per cent paid in, and at least \$100,000 is to be paid in by loan corporations. Bonds may be issued on a two-thirds vote of the stock, but the money borrowed shall not exceed seventy-five per cent of the paid-up capital, unless a discounting business is done. A stock book is to be open to inspection. Directors are liable for allowing transfers to persons apparently irresponsible. Directors may apply to a court when in doubt as to who is entitled to stock transfers. Stockholders are not liable beyond their unpaid subscriptions. Notices may be served on members personally or by registered letter. No loans to shareholders are allowed, except by loan companies. Directors are liable to laborers, etc., for six months' wages. One-fourth of the stock may call a meeting at any time. The word "limited" must be affixed to the corporate name under penalty of fine for omission. When shares are issued for property by contract the contract is to be filed with the secretary of state. A prospectus must state all contracts with promoters, etc. Debenture stock may be issued by loan companies. This stock is not entitled to a vote, and is practically a debt of the company payable at any time at the option of the company, but payment can never be enforced by the holder. It bears interest and is transferable, ch. 20, L. 1887. Trusts and combinations are forbidden under the criminal law, ch. 41, Acts of 1889.

Railways.—By ch. 109, Rev. Stat., 1886, railways may unite, § 6. Rates may be reduced when the net income for the past year exceeds fifteen per cent of the actual cost of the property, with interest for the years when no dividend was declared, § 16. The form of proxies is prescribed, § 18. Directors must obey the orders and directions of stockholders' meetings, Id. "No person holding any office, place or employment in, or being concerned or interested in any contracts under or with the company, shall be capable of being chosen a director, or of holding the office of director, nor shall any person, being a director of the company, enter into, or be directly or indirectly, for his own use and benefit, interested in any contract with the company, not relating to the purchase of land necessary for the railway, or be or become a partner of any contractor with the company," Id. Overdue calls bear interest, § 19. The form of transfers of stock is prescribed, § 22. In case of transfer, other than by sale, a copy of the will or other instrument must be filed. The company need not protect trusts of stock. The company cannot buy its own stock or stock in other companies, Id. Traffic contracts may be made upon the approval of the Governor in Council, § 56. No railway company shall buy its own stock, or stock in other railway companies, unless already authorized, § 89.

Banks.—By ch. 120, Rev. Stat., 1886, banks shall not commence

business until \$500,000 capital stock has been subscribed and \$100,000 paid in, \$100,000 more to be paid in within two years. The remainder may remain uncalled, § 6. Paper money issued is not to exceed its paid-up capital, § 40. No dividend over eight per cent until twenty per cent reserve over bad debts is obtained, § 28. Ten per cent must be paid within thirty days after subscribing, § 20. Transfers by death, bankruptcy or insolvency, or otherwise than regular, must be proven to the company, § 32. A female stockholder who marries may have the stock entered as her separate estate, § 33. The company may apply to the courts, in case of doubt as to the title to stock, § 36. The bank need not preserve trusts of stock, § 37. Director must own from \$3,000 to \$5,000 of stock in order to be eligible, according to the amount of capital stock, § 9. Directors must be natural-born or naturalized subjects of the Queen, § 12. Shareholders are not allowed to inspect personal accounts, but the directors may, § 25. The bank shall not take its stock in pledge, § 45. Stockholders are liable to corporate creditors to the extent of the par value of their stock in addition to the subscription price, § 70. Directors may assess stock to pay liabilities six months past due, § 72. Transferors within one month previous thereto, are also liable thereon, § 77. The bank has a lien on stock for the debts of stockholders, § 59. Proxies can be given only to stockholders and never to the manager, cashier or other employe of the bank, § 10. Any director or the president or vice-president may be removed by a vote of the stockholders, § 11. Proxies more than three years old are void, § 14.

§ 59. QUEBEC. *Miscellaneous Corporations.*—Five or more may petition the governor-general for a charter for any purpose within the jurisdiction of the province, except to construct and work railways and for insurance, see ch. 11, L. 1881. A notice of the application for the charter must be published, Id. One-half of the stock must be taken before incorporation, and five per cent of the whole capital paid in, ch. 25, L. 1868. The petition for a charter may ask for special provisions therein, Id. Charters may be amended. A majority of directors are to be residents and subjects. Directors are to transact the business and make contracts, etc., and declare dividends, etc. One-fourth in value of the stock may call meetings. Directors are liable for allowing transfers to persons not apparently able to respond. The stock book is to be open to inspection. Trusts in stock are not protected. The corporation is not to buy stock in other companies. Stockholders are not liable to corporate creditor, beyond the amount of their respective shares. No loans to stockholders are allowed. Directors are liable

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to laborers, etc., for six months' wages, Id. Until half of the capital stock is paid in, calls of ten per cent for the first year, and five per cent annually thereafter are to be made, ch. 24, L. 1868. The capital stock is that portion of the authorized capital that is subscribed for and allotted, ch. 73, L. 1884. "No stock shall be issued to represent the increased value of any property," Id. Watered stock is void, Id. Stock dividends are void, Id. Stock "not represented by an amount in cash paid into the treasury of the company, which has been expended for the promotion of the objects of the company" is void, Id. Corporations of Great Britain or of the United States may acquire and hold land in this province, ch. 25, L. 1872.

Railways.—See ch. 43, L. 1880. One-half in interest of the stockholders may cause a meeting to be called. A form of proxy is prescribed. Directors are subject to the examination and control of stockholders' meetings and to their orders and directions. Directors are not to be interested in contracts with the company. Stockholders declare dividends, in meeting assembled. "Shares in the undertaking may, by the parties, be sold and disposed of by instrument in writing, to be made in duplicate, one part of which shall be delivered to the directors to be filed and kept for the use of the company, and an entry thereof shall be made in a book to be kept for that purpose." The form of sale is prescribed. The transmission of shares, other than by transfer, must be proven to the company. Trusts in stock are not protected by the company. The company is not to purchase its own or any other stock. Contracts for the construction or maintenance of the road must be advertised four weeks for bids. The company need not accept any of the bids. The company may make traffic contracts on a two-thirds vote of the stock. Amalgamations must be approved by the government.

Taxation.—Banks are taxed \$100 for every \$100,000 of capital up to \$1,000,000, and a smaller tax for capital in excess thereof. Insurance companies are taxed \$500 for one kind of insurance, and \$50 additional for each other kind. Miscellaneous corporations pay one-tenth of one per cent of the capital up to \$1,000,000 and a less tax for any excess. Loan companies pay a graduated tax. Railways pay \$5 a mile, and \$10 a mile if they are receiving a subsidy, ch. 11, L. 1880.

§ 60. NOVA SCOTIA.—Stockholders are liable for corporate debts. "Each member thereof shall be liable as a partner to the same extent as if no corporation existed," unless the special act granting the charter provides otherwise. Execution returned unsatisfied against the corporation may be levied on the stockholders' property, Rev. Stat., 1884

ch. 78, § 13. Directors are liable for corporate debts in excess of stock subscribed, unless the company prescribes otherwise, Id. § 14.

Miscellaneous Corporations.—May be incorporated for any purpose over which the province has power, except constructing and working railways, loaning, etc. Incorporation is granted by the Governor in Council, Id. ch. 79. Previous notice of the intent to apply for a charter must be advertised. The company on a two-thirds vote may apply for more extended powers. A majority of the directors must reside in the province. Elections are to be held in the province. One-fourth in value of the stockholders may call a corporate meeting. Stock, it seems, may be issued below par. The stock book is to be open to inspection. Transferers and unrecorded transferees are both liable on stock. If the ownership to stock is in doubt, the company may apply to a court for decision. Transferees are liable on subscriptions. The company is not bound to protect stock held in trust. Officers are liable for loans to stockholders. The incorporation fee is \$20 if the capital stock is under \$10,000. It varies upward and is \$70 if the capital is over \$500,000. Stockholders are not liable for corporate debts except to the extent of unpaid subscriptions. The word "limited" is to be used. An omission subjects the company and officers to a penalty. Stock is to be paid for in cash unless the contract whereby it is issued for property is registered with the provincial secretary. Bonds may be issued on a vote of two-thirds in interest of the stockholders, Id., ch. 79.

Railways.—Cannot unite except upon the approval of the Governor in Council, Id., ch. 53, § 7 (15). Votes are to be in proportion to shares, Id. § 19. A form of proxy is prescribed. Directors are subject to the examination and control of stockholders at annual meetings, and must obey the orders of the stockholders at any meeting. Directors shall not be interested in contracts with the company. Persons holding office, in one company interested in contracts with another company are not eligible for directorship in the latter, Id. For non-payment of calls the company, at a general meeting, may declare stock forfeited, Id. § 20. General meetings of stockholders determine the question of dividends, Id. § 21. A form of transfer of stock is prescribed. Transfers by death, bankruptcy, will, donation or testament, or intestacy, must be shown by a copy of the instrument. The company is not responsible for the preservation of stock held in trust. The company shall not purchase its own or any other stock, Id. § 22. Traffic contracts are valid if two-thirds of the stockholders assent. Amalgamations are legal only upon the assent of the Governor in Council, Id. § 58. When a company wishes to reorganize by arrangement between it and its creditors, any scheme assented to by three-fourths in value of the creditors

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affected, and three-fourths in value of each class of preference stockholders, and by a specially called meeting of the ordinary stockholders, and by a court is thereby confirmed and established, Id. ch. 54. Municipalities, on a majority vote of all the ratepayers, may aid railroads, Id. ch. 55.

§ 61. **NEW BRUNSWICK.**—Five or more may incorporate for any purpose except constructing and working railways, insurance and charitable, etc., purposes, ch. 9, l. 1885. Must advertise a notice of the intent to apply for a charter, unless the capital stock is \$5,000 or less. The attorney-general must approve of the incorporation. The capital stock is not to be less than \$2,000 actually subscribed. The lieutenant-governor in council grants the charter. At meetings all questions are decided by a majority of the stock voted. Directors are to control the making of contracts. The company may issue bonds for borrowed money on a two-thirds vote of all the stock. One-fourth of the stock may call a meeting. The stock book shall be open to inspection. The company is not bound to protect stock held in trust. Stockholders are not liable for corporate debts, except to the extent of the unpaid subscriptions. The company shall not purchase the stock of another company unless authorized by the stockholders. No watered stock or stock to represent the increased value of the corporate property shall be issued. Loans to stockholders are prohibited. Stock must be paid for in cash, unless the contract to issue for property is in writing and is filed in the provincial secretary's office. Prospectuses must state all contracts between promoters, etc., and the company. Directors are to make annual reports. Shares of stock and income from stock are not taxed when the company is taxed on its property, Consol. Stat., 1876, p. 803. The corporation is taxed on its tangible personalty, on its realty and on its paid-up capital stock, less the valuation of its realty, Id. Foreign corporations are taxed on their tangible personalty and on their income within the province, Id. Shares of stock are subject to execution, Id. p. 750.

§ 62. **ONTARIO. Joint Stock Companies.**—Five or more may petition for a charter for any business within the legislative authority of the legislature of Ontario, excepting the construction and working of railways and the business of insurance, p. 1444. The notice of application must be published. The lieutenant-governor may dispense with publication if the capital stock is \$3,000 or less, pp. 1445, 1446. The charter may be amended on a two-thirds vote, p. 1450. Elections are to be held with the province, p. 1451. The directors may make the by-laws, p.

1452. On a two-thirds vote of the stockholders, bonds, etc., may be issued, p. 1453. One-fourth in interest of the stock may call meetings, Id. No salaries or payments are to be made to a director or president unless the stockholders authorize them, p. 1453. The stock book is to be open to inspection, p. 1455. The company is not responsible for trusts in stock, p. 1458. The company shall not purchase stock in other companies unless the stockholders authorize it, Id. Stockholders are not liable except for their unpaid subscription, p. 1459. Loans to stockholders are forbidden, p. 1460. Directors are liable for one year's wages to laborers, Id. In certain corporations a majority of the directors must be residents and subjects, p. 1436. Preferred stock may be issued by order of a stockholders' meeting, p. 1449.

Railways.—There is no general incorporating act. The form of proxies is prescribed. The proxy extends to any business that may come before the meeting, Id, p. 1657. Directors are not to be interested in contracts with the corporation, p. 1658. Directors must obey the orders of the stockholders, Id. Stockholders are to determine whether a dividend shall be declared, p. 1661. The form of a transfer of stock is given, p. 1662. Municipalities may subscribe, p. 1663. Trusts in stock need not be protected by the company, p. 1662. Company shall not purchase its own or any other stock, p. 1663. Contracts for construction or maintenance must be advertised for bids, but bids need not be accepted, p. 1668. Traffic contracts may be made on a two-thirds vote of the stockholders, p. 1677.

Shares of stock and dividends from bank stock are taxed, Rev. Stat. of 1887, pp. 2084, 2088. Bank stock itself is not taxed, p. 2088. Railroad stock is not taxed, but a tax is levied on the income therefrom, Id. The corporation is taxed on its personalty, p. 2100. If most of the capital stock of certain public corporations is invested in realty, its personalty is not taxed, p. 2100. Non-resident stockholders are not taxed, p. 2099.

§ 63. **BRITISH COLUMBIA.**—Corporations may be formed for any lawful purpose within the powers of the province, Consol. Acts, 1888, ch. 21, § 12. Three or more may incorporate by filing a certificate, § 13. A director may be removed by two-thirds of the directors, or by one-half together with two-thirds in interest of the stockholders, § 16. The debts shall not exceed the paid-in capital, § 17. Two-thirds in interest of the stockholders must assent to borrowing or mortgaging, Id. The company shall not issue money, § 19. Directors creating debts in excess of paid-in capital are liable therefor, § 26. Proxies must be attested by a witness, § 31. The register book is to be open to the inspection of

holders, bonds, etc., may be the stock may call meetings, e to a director or president 453. The stock book is to any is not responsible for shall not purchase stock in orize it, Id. Stockholders ription, p. 1459. Loans to ors are liable for one year's ons a majority of the direc. Preferred stock may be p. 1449.

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stockholders and creditors, § 54. Shares of stock and dividends are taxed, ch. 111.

§ 64. FRANCE.—Miscellaneous Corporations.—These are formed under the law of July 24, 1867. By its provisions, corporations for any legal purpose may be formed without special authorization, by the execution in duplicate of a deed under private seal, Title II., Art. 21 of Sociétés Anonymes. The name shall show the nature of the business, L'art 30, du code de commerce. Directors are only responsible for the due execution of instructions, Id. 32. Members are liable only to the extent of their interest, Id. 33. The capital is divided into equal shares, Id. 34. A transfer of shares is made by an entry on the corporate books signed by the assignor or his attorney, Id. 36. Managers shall be shareholders and shall choose one of their number to be director, or if the articles permit, may select an outsider for whose acts, however, they are responsible, L. of 1867, Title II., Art. 22. Incorporators shall not be less than seven, Id. 23. Shares are not to be less than 100 francs when the capital does not exceed 200,000 francs, nor less than 500 francs when it does. The organization cannot be completed until the whole capital is subscribed and at least one-fourth of each share paid up. The manager shall make a sworn statement of the subscriptions and payments to which is annexed a duplicate copy of the articles, Id., Title I., Art. 1. Shares are negotiable when one-fourth has been paid thereon, Id. Art. 2. The articles may provide for the conversion of shares, one-half paid up, into shares payable to bearer. In any case the original subscribers, together with their assignees before payment of one-half, remain liable for the full amount of the subscription for two years after organization, Id. Art. 3. Subscriptions other than money must be approved by a majority present at a special meeting, which majority shall represent one-fourth of the stock, Id. Art. 4. Except, however, where the incorporators were previously joint proprietors, Id. A société anonyme is deemed formed from the acceptance of directorship and auditorship by the persons so chosen at a general meeting called for that purpose subsequent to the full subscription and one-fourth payment, Title II. Art. 25. Directors shall own a number of shares specified in the articles. These are in the name of the owner; are stamped not negotiable, and are kept in the company's safe as a guarantee for all the acts of the directors, L. 1867, Title II., Art. 26. The articles regulate voting. At the first general meeting no shareholder can have more than ten votes, Id. Art. 27. Meetings to amend the articles, extend the duration or dissolve, must represent one-half of the capital, Id. Art., 31. One or more auditors,

who may or may not be stockholders, are designated each year to report at the next meeting on the condition of the company's affairs, Id. Art. 32. The auditors may inspect the books and in an urgent case call special meetings, Id. 33. Semi-annual statements of the assets and liabilities and all other facts are to be made to the auditors and produced at the annual general meeting, Id. 34. Lists of stock and investors are open to the inspection of stockholders fifteen days before the meeting, Id. 35. One-fourth of the annual net profits must be set apart as a reserve fund, until it equals one-tenth of the capital, Id. 36. Provision is made for winding up affairs when three-fourths of the capital has been lost or the number of members reduced below seven, Id. Arts. 37, 38. Shareholders representing one-twentieth of the capital may jointly move to bring wrongdoing directors to justice without prejudice to the shareholders' individual right of action, Id. 39. Directors are not to be interested in corporate transactions except by express permission, Id. 40. A failure to comply with the provisions, *supra*, as to organization, makes the société null and void, and the directors and implicated promoters are individually liable, but not the stockholders, Id. Arts. 41, 42. The auditors are liable as agents, Id. 43. Heavy penalties are prescribed for fraud and mismanagement, Id. Arts. 44, 45. Within one month after the formation of a company, duplicate articles and certain affidavits with stock lists, shall be filed with a justice of the peace, and tribunal of commerce, and also published. But a failure to do this does not affect the rights of third parties, Arts. 55, 56. When offices are kept in different arrondissements the filing and publication are to be made in all, Art. 59. In all documents and publications the corporate name must be accompanied by the words "société anonyme," and a statement of the amount of capital, Art. 64.

Elaborate provisions are made also in the French law for unincorporated joint stock associations, see *Manuel des Sociétés Anonymes* par Albert Charmolu, Paris, Marchal, Billard et cie, Editeurs, 1883.

By a recent Act (1889), which, however, has not yet come to hand, the above act has been modified, particularly with a view to aiding and encouraging co-operative associations and corporations.

§ 65. GERMANY.—Das Allgemeine Deutsche Handelsgesetzbuch, (the German Commercial Code), defines an Aktiengesellschaft as a company all the members of which participate only to the extent of fixed contributions without becoming personally liable for the obligations of the association, Art. 207. The shares may run to bearer or to a particular name, Id. Every share running to a particular name must be for at least 50 vereinsthaler (about \$35), and those running

gnated each year to report company's affairs, Id. Art. and in an urgent case call cements of the assets and the auditors and produced of stock and investors ten days before the meet- profits must be set apart as a capital, Id. 36. Provision is of the capital has been lost seven, Id. Arts. 37, 38. e capital may jointly move out prejudice to the share- Directors are not to be express permission, Id. 40. , as to organization, makes and implicated promoters olders, Id. Arts. 41, 42. vy penalties are prescribed 4, 45. Within one month icles and certain affidavits of the peace, and tribunal ailure to do this does not 6. When offices are kept publication are to be made ations the corporate name é anonyme," and a state-

French law for unincor- des Sociétés Anonymes d et cie, Editeurs, 1883. has not yet come to hand, with a view to aiding and rporations.

tsche Handelsgesetzbuch, aktiengesellschaft as a com- ly to the extent of fixed ble for the obligations of ay run to bearer or to a ng to a particular name \$35), and those running

to bearer, at least 100 thaler (about \$70). All shares for smaller amounts are void, and persons issuing such are liable as partners. The nominal value of shares cannot be altered during the existence of the company, Art. 207a. The articles must be formally executed and acknowledged, Art. 208. The articles must exhibit: (1) the corporate style and domicile; (2) object of the undertaking; (3) period of existence, if limited; (4) amount of capital and value of each share; (5) whether shares shall be to name or to bearer, the number of each kind, and if at all, how to be converted; (6) establishment of a council of overseers, three in number, to be chosen from the stockholders [this is the only provision in the German law as to the minimum number of persons who may form a corporation]; (7) method of keeping accounts and ascertaining and dividing the profits; (8) method of appointing and the qualifications of directors and officers; (9) how stockholders' meetings shall be called; (10) conditions of voting and method thereof; (11) subjects upon which a simple majority vote shall not decide; (12) method of making official announcements and the journals in which they shall appear, Art. 209. After the subscription of the capital the stockholders shall determine by resolution in general meeting that the capital has been fully subscribed and at least ten per cent (in insurance companies at least twenty per cent) on every share paid in; unless these facts are certified in the original articles, Art. 209a. The value of subscriptions other than cash must be determined in the articles. Where the articles have not been executed by all the stockholders, they must be approved at a general meeting by a majority vote representing at least one-fourth in number and interest, Art. 209b. The articles must be recorded at length in the commercial register of a specified local tribunal and certain portions must be published, including the date of the articles, and sub-divisions 1-5 and 12 of Art 209 *supra*. If the articles provide a particular form in which the official corporate acts shall be executed, that must also be published, Art. 210. Application to the tribunal of commerce for registration must be accompanied by affidavits that all requisite preliminaries have been legally performed, Art. 210a. The association has no corporate existence before the registration, so that all acts are void and the doers are liable, Art. 211. The same formal registration must be made in every district where a branch is established, Art. 212. The company can own real property, Art. 213. Alterations in the article must be made with the same formalities as the original contract, Art. 214. Unless expressly so stipulated in the articles a majority vote cannot change the objects of the corporation. The same applies to the case of dissolution and reorganization. The corporation

cannot purchase its own stock, and unless provided in the articles or their amendments, cannot amortise its stock (i. e., gradually pay back its capital stock so as eventually to dissolve), Art. 215. A fixed per cent of return on shares cannot be contracted for or paid. Dividends must be from profits only. But a fixed per cent may be contracted for, for the period defined in the articles as preliminary to full operation, Art. 217. In no case is a stockholder obliged to return interest or dividends received in good faith, Art. 218. There is no personal liability, Art. 219.

The following rules are applicable when the shares are "to bearer": (1.) The shares shall not be issued until fully paid. (2.) In no case can a subscriber, by transfer or otherwise, escape from the obligation to pay forty per cent—not even if adjudged to have lost his share by failure to pay calls. (3.) It may be provided in the articles that after forty per cent is paid, the subscriber shall be discharged from further calls and may receive stock promises or provisional shares covering the amount actually paid. Some German states have local laws substituting twenty-five per cent for forty per cent in this article, Art. 222. When the shares are made out in the name of the holder they must be recorded in the corporate stock book, giving name, address and occupation of owner. They may be transferred by endorsement, but the transfer must be announced to the company and noted on its book. In all corporate relations only those are considered stockholders whose names so appear. So long as a balance is unpaid, a transfer can only be made by the company accepting the transferee, and the transferer remains liable for then existing obligations for one year, Arts. 223, 182, 183. Unless otherwise stipulated in the articles, every share has one vote, Art. 224.

The council of overseers has complete power to examine at all times into the corporate affairs and must report to the general meeting of stockholders annually. It may call such meeting when corporate interests demand it, Art. 225a. The members of the council are liable for damages when, with their knowledge, subscriptions are refunded, the company's own stock bought or amortised, illegal interest or dividends paid, corporate property divided or capital stock diminished without legal formalities, Art. 225b. The corporate affairs are managed and the corporation represented by a board of directors (or it may be by one director). They may be paid or not, and may be stockholders or not. Their appointment is always revocable, Art. 227. The members of the board must be reported to the tribunal of commerce for registration. Their signatures are kept on record, Art. 228. If not otherwise provided, all the members must sign for the company, Art. 229. The

provided in the articles or (i. e., gradually pay back e), Art. 215. A fixed per d for or paid. Dividends cent may be contracted preliminary to full oper- blished to return interest or . There is no personal

ne shares are "to bearer": ly paid. (2.) In no case escape from the obligation o have lost his share by d in the articles that after e discharged from furthur sional shares covering the have local laws substitut- nt in this article, Art. 222. f the holder they must be name, address and occu- l by endorsement, but the and noted on its book. In ddered stockholders whose paid, a transfer can only nsferee, and the transferer ons for one year, Arts. in the articles, every share

wer to examine at all times to the general meeting of eeting when corporate. in- f the council are liable for rscriptions are refunded, the legal interest or dividends stock diminished without e affairs are managed and ectors (or it may be by one ay be stockholders or not. 227. The members of the ommerce for registration. 228. If not otherwise pro- company, Art. 229. The

contracts of the board bind the corporation whether such appears expressly or from all circumstances, Art. 230.

The board is obliged to act within the authority given it in the articles and the resolutions of the general meetings. But these limitations do not affect third parties, Art. 231. Every change in the board must be reported for registration, Art. 233. The company may also appoint other general agents to manage particular matters of business or to represent it in such matters. They must follow instructions, but are general agents, Art. 234. Unless otherwise stipulated in the articles, ten per cent of the capital stock may call a meeting, Art. 237. No business, except the call of an extraordinary meeting, can be transacted unless the subject thereof was duly announced in the notice of the meeting, Art. 238. The board is responsible for the keeping of proper books, and must report and publish an annual statement of affairs, certain features of which are prescribed, Arts. 239, 239a. The members of the board are only personally liable for damages arising out of their own acts exceeding their authority, Art. 241.

If it appears from the annual report that the capital stock has become diminished by one-half, the board must at once call a general meeting. If it appears that the corporate property no longer exceeds its debts the court must be notified, Art. 240. Imprisonment and fine are attached as penalties to certain illegal acts of members of the council and the board, Art. 249.



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